

Muskie pledge to meet Russians soon for talks

Mr Edmund Muskie, America's new Secretary of State, in his foreign policy outline emphasized yesterday that he intended to follow the policies developed by Mr Cyrus Vance, his predecessor. He also asserted that he must be the President's chief spokesman on foreign policy matters. He expressed a wish to meet Mr Andrei Gromyko, his Soviet opposite number soon, to discuss Russo-American relations.

Vance policies will be pursued

From David Cross
Washington, May 7.

Mr Edmund Muskie, the new Secretary of State, said today that he would pursue the foreign policies developed by Mr Cyrus Vance, his predecessor, and President Carter.

Outlining his priorities for the remaining months of Mr Carter's first term of office before a meeting of the Senate foreign relations committee, he said he would not have taken his new job if he did not support the central elements of the foreign policy now in place.

It took the committee less than three hours to confirm his nomination as Secretary of State today by an overwhelming majority of 92 to one. The only dissent was from Mr Jesse Helms, the ultra-conservative Republican member of the Upper House from North Carolina, who considers Mr Muskie to be much too liberal in his world outlook.

In an opening statement, Mr Muskie listed the fundamental beliefs on which his foreign policy would be based. They included support for strong American defence posture, for strong alliances based on regular consultation and trust, for a firm and balanced policy towards the Soviet Union, and for the spread of human rights around the world.

In an oblique reference to Mr Vance's long struggle with Mr Zbigniew Brzezinski, Mr Carter's National Security Adviser, for control of the country's foreign policy, Mr Muskie emphasized that the Secretary of State must be the principal adviser to the President and his chief spokesman on foreign policy issues.

He said that President Carter had already promised that this would indeed be the case, although Mr Vance had received similar assurances from the President when he was nominated three and a half years ago.

Several members of the committee were clearly sceptical about Mr Carter's renewed promises.

In response to questions from senators, Mr Muskie made it clear that he supported fully the ratification of the new strategic arms limitation agreement (Salt 2), although, he said, the burden now rested with the Soviet Union to withdraw its occupying forces from Afghanistan before the treaty could be approved by the Senate.

He said that the Soviet invasion of Afghanistan had been profoundly disturbing to him and while the occupation continued economic and other sanctions, like the American boycott of the Moscow games, should remain in force.

Asked what he would do to end the Iranian hostage crisis, Mr Muskie indicated that secret moves were underway at a diplomatic level to try to rescue the hostages. He refused to be more specific, adding, however, that he had some ideas of his own for resolving the crisis but he did not want to make them public at this stage.

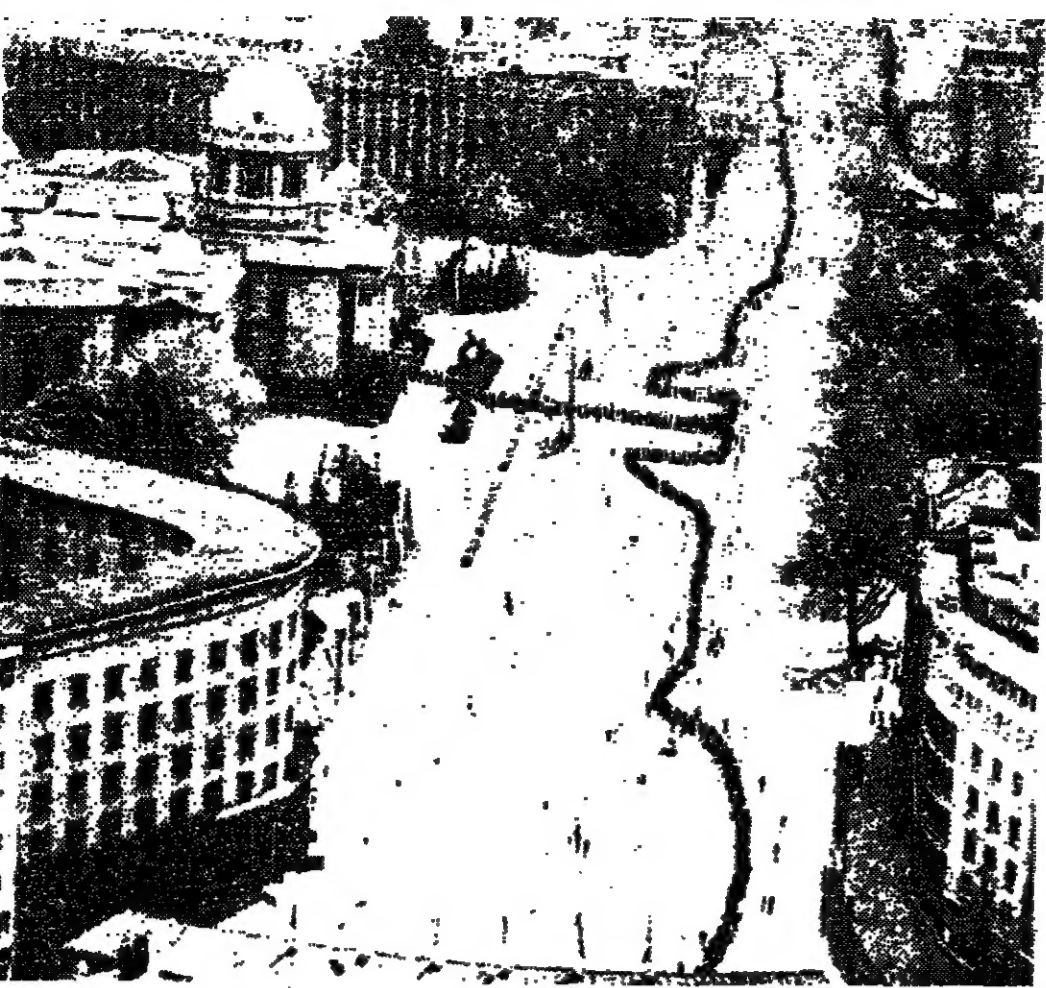
The Secretary of State also confirmed that he would like to meet Mr Andrei Gromyko, the Soviet Foreign Minister, in Vienna in about a week's time. He thought that such a meeting, if it took place, would be very useful in assessing the state of Soviet-American relations since the Soviet invasion of Afghanistan.

Moscow soundings: Mr Thomas Watson, the American Ambassador to the Soviet Union, today had a meeting with Mr Gromyko to discuss relations between their two countries (Michael Sargin writes from Moscow).

No details have been given of their talks, but Western diplomats understood that the ambassador raised the question of a possible Gromyko-Muskie meeting. Both men will be in Vienna on May 16 to attend celebrations of the Austrian state treaty.

Little of substance is expected from such a meeting, but the Russians will be anxious to know what line Mr Muskie will take in his dealings with the Soviet Union, and whether his appointment could signal any improvement in the present glacial state of relations between the two superpowers.

Mr Muskie has been portrayed as a man who, although "relatively moderate", has supported the "dirty war" in Vietnam and the aims of Israeli extremists.



Thousands queue outside Belgrade's Parliament Hall where President Tito is lying in state.

Statesmen gather for Tito funeral

From Dossa Trevisan
Belgrade, May 7

World divisions were briefly set aside today as the leaders of nearly 100 countries gathered in Belgrade to pay their last homage to President Tito. They joined the silent file of hundreds of thousands of Yugoslavs who have been honouring the memory of President Tito for the past three days.

The presence of more than 30 heads of state, 24 prime ministers, 46 foreign ministers, royalty, and presidents, Soviet block communist leaders and leading Eurocommunists, social democrats and representatives of nonaligned countries, emphasizes Yugoslavia's unique position.

Plane after plane landed at Belgrade airport this morning to be met by Yugoslav officials and driven away in a stream that continued from early morning to late afternoon.

The United States delegation headed by Vice-President Mondale arrived shortly before noon. Mr Mondale reaffirmed the United States support for Yugoslavia's independence, but Yugoslavs do not conceal that President Carter's decision to stay at home is deeply regretted.

President Brezhnev of the Soviet Union landed at Belgrade airport a few minutes after the British delegation headed by the Duke of Edinburgh. Prince Philip was accompanied by Mrs Margaret Thatcher, both Opposition leaders, and Sir Fitzroy Maclean and Sir William Deakin, both of whom headed a British mission with Tito's partisans during the Second World War.

The arrival of President Brezhnev attracted the greatest attention among Yugoslavs, the star of a spectacular array of world statesmen and politicians. Wearing a black tie he had some difficulty in descending from the plane and had to be helped by aides. Once down, he looked alert and seemed in better condition after his holiday.

Interest is focused on talks likely to take place in the next 24 hours among the world's leaders.

That Mr Brezhnev brought his English interpreter is significant. Many wonder whether this might provide an opportunity for a meeting between Mr Brezhnev and Chairman Hua Guofeng of China who arrived yesterday.

Herr Helmut Schmidt's delegation includes Herr Genscher, the Foreign Minister. It is believed he will meet Herr



Mr Brezhnev inspects troops after arriving in Belgrade. Mr Walter Mendale, the United States Vice-President.

Honnecker, the East German leader.

Belgrade prepares for the funeral tomorrow morning, while hundreds of thousands of Yugoslavs continue their silent march past President Tito's coffin, queuing patiently throughout the night and day to wait for the delegations to lay the wreaths.

President Tito will be buried in the garden of his residence in accordance with his personal wishes, among the flowers which he had planned and arranged. He has asked that the white marble will bear only a simple inscription: "Josip Broz Tito, 1892-1980".

Carter statement, page 8

Granada TV must disclose source of secret British Steel documents, Lord Denning rules

By Frances Gibb

Granada Television must disclose the source of confidential British Steel Corporation documents which formed the basis of a programme broadcast during the steel strike, it was ruled in the Court of Appeal yesterday.

Lord Denning, Master of the Rolls, sitting with Lords Justice Templeman and Watkins, upheld a ruling last month by Sir Robert Megarry, Vice-Chancellor, that as requested by British Steel Corp, Granada be ordered to say who the supplier was. The corporation said it needed the name to remove a cloud of suspicion over several employees and to remove the possibility of a future leak.

Granada Television behaved so badly over confidential documents it obtained about the corporation that it has forfeited the protection the law normally gives the press against disclosure of sources, Lord Denning said.

Protection is given to the press only on conditions they do not abuse their power, he said. "Here Granada have abused it. They should be compelled to discover the source of their information."

"I cannot think it right that their want of responsibility should enable them to make this damaging attack on the steel corporation and the Government."

The court refused leave to appeal. Afterwards however, Mr David Boulton, head of current affairs, said Granada would seek leave to appeal to the Lords from the Lords' appeal committee. They have a week in which to do this.

The papers formed the basis of The Steel Papers, broadcast on February 4 in the sixth week of the steel strike. It argued that British Steel's difficulties were not just the result of low productivity but also poor management and that "back-door government intervention" had prolonged the strike.

Although Sir Charles Villiers, British Steel chairman, was invited on to the programme for interview, the interviewer acted like a cross-examiner, Lord Denning said. He kept interrupting Sir Charles. His conduct spoke for itself, it was deplorable.

Granada did not give Sir Charles a chance to see the script before he arrived at the studio and left it late before telling the corporation about the programme, Lord Denning said. "Added to this, their tampering with the papers was disgraceful."

When Granada returned the 250 documents, after the corporation had issued a writ, it cut off the serial numbers so that the source could not be identified.

The documents were beyond question the property of the British Steel Corporation, Lord Denning said. To destroy them or any part of them, was as bad as the obstruction of a witness.

The unnamed employee, Lord Denning said, is a man probably "in the uppermost levels of the British Steel Corporation". Although he committed a grave breach of confidence, he did it out of a keen sense of indignation. "He did it because he thought the public ought to know."

Breach of confidence was not of itself sufficient reason of Granada to be compelled to disclose his name, he said. "The public has a right of access to information which is of public concern and of which the public ought to know."

In support of this right of access, newspapers should not in general be compelled to disclose sources, neither by means of discovery before a trial, nor by cross-examination at a trial, nor by subpoena, he said. If they were, their sources would dry up.

But the principle was not absolute, he said. The journalist had no privilege by which he could claim, as of right, to refuse to disclose the name.

The ruling, if upheld, means that Mr Boulton, as head of Granada's current affairs, either is to break what is one of the most fundamental ethics of journalism and disclose his source, or face imprisonment.

Only once before, in 1963, were journalists ordered to disclose their sources because the public interest in ordering disclosure was held to outweigh the public interest in protecting sources of information.

Several journalists, including Mr Brendan Mulholland, a

Continued on page 2, col 5

Mr du Cann attacks Tory economic policy

By Hugh Noyes
Parliamentary Correspondent

Sir Geoffrey Howe, Chancellor of the Exchequer, was given a warning last night in the Commons by Mr Edward du Cann, one of the most influential of Conservative backbenchers, that his entire economic strategy could be at risk unless there were variations in policy.

Mr du Cann, chairman of the powerful 1922 Committee of Conservative backbench MPs and also of the all-party Treasury and Civil Service Committee, which recently produced a report highly critical of the Government's expenditure plans, was speaking only minutes after the Chancellor had told the Commons that he had no doubt about the correctness of the Government's strategy and that the was determined not to alter course.

Sir Geoffrey said that there could be even harsher cuts in the spending programmes if the modest growth predicted was not forthcoming.

But Mr du Cann told him that although his targets were probably obtainable because his assumptions were conservative, it would be as foolish to rely on them for success as it would be for an unemployed man with minimum income and maximum expenditure to rely on a pool of winners to see him through.

Speaking at the start of a debate on the White Paper on the Government's expenditure plans up to 1983-84, he pointed out to the Chancellor that his committee's reservations on government policy were formidable in aggregate.

The projection of a 1 per cent real growth rate after this year was too optimistic while the unemployment figure of 1.8m maximum over the next four years was under-estimated. The fall in manufacturing output by 1983 would probably be higher than the predicted 6 per cent.

Parliamentary report, page 16

Chancellor rules out early cut in interest rate

By John Whitmore
Financial Correspondent

Interest rates are unlikely to be cut in the near future, despite a further slowdown in monetary growth during April.

Sir Geoffrey Howe, Chancellor of the Exchequer, told the House of Commons yesterday that to reduce the Bank of England's minimum lending rate (MLR) prematurely would risk undermining the Government's policies aimed at reducing the rate of inflation.

He said the Government might then be faced with having to increase interest rates again later in the year. That would damage industry, homeowners and consumers alike and push the prospect of resumed growth further into the future.

Sir Geoffrey's warning came after increasing speculation in the City over the past couple of weeks that ministers, notably the Prime Minister, were keen to lower interest rates as soon as possible.

This speculation has been fanned by the recent cuts from industry for lower interest rates, the sharp fall in dollar interest rates over the past three weeks, and evidence that the Government is successfully restraining the rate of growth in the money supply.

On the basis of yesterday's banking figures for April it appears that sterling M3, the broad measure of money supply, grew by little more than 1 per cent.

Continued on page 23, col 5

Ballet and racing missed BBC cuts

BBC television and radio services will be seriously reduced in quantity and quality if planned expenditure is changed by higher inflation or pay demands in the next two years. An inquiry by The Times shows how narrowly the television service escaped serious mutilation during the recent round of cuts in the BBC's 1980-82 spending plans. The two television networks survived with a 3 per cent cut; out of a 5 per cent cut would have ended all broadcasts of opera, ballet and horse racing. Page 4

Talbot to lay off 3,500

The Talbot car plant at Linwood, outside Glasgow, will come to a halt by the end of this week when almost 3,500 production workers will be laid off. A manning dispute involving only two jobs provoked a strike by 26 metal fitters last week. An additional 1,400 men were laid off yesterday. Page 22

Heart men doing well

Britain's latest heart transplant patients are recovering well. They are Mr John Gardiner, aged 44, from Oxford, who is in Harefield Hospital, Uxbridge, and Mr Sydney Cash, aged 47, from Birmingham, who is in Paoworth Hospital, near Cambridge. Page 4

Mugabe reassurance

Mr Mugabe has asked calm foreign investors in Zimbabwe by assuring them that his government did not intend stopping foreign companies sending their profits overseas. Page 16

Mr Paisley arrested at Armagh ceremony

The Rev Ian Paisley was among three Northern Ireland MPs arrested at the enhancement of the Church of Ireland's Archbishop of Armagh. They were protesting about the presence at the ceremony of Mr Charles Haughey, Prime Minister of the Irish Republic. Page 2

Citizens' radio approval

Britain is to get a citizens' band radio system called Open Channel, Mr William Whitelaw, Home Secretary, has announced. A discussion paper will be published soon. Page 6

Kennedy fights on

Senator Kennedy and Mr George Bush are to continue their struggle for the presidential nominations despite defeats in Indiana, North Carolina, and Tennessee, and party pressure to concede defeat. Page 8

Attempt to save Olympics

Lord Killanin, president of the International Olympic Committee, met President Brezhnev in an attempt to save the Moscow Games from a wholesale Western boycott. He is understood to have urged the Soviet leader to play down all political aspects. Page 8

Industrial relations: Employment Secretary says most union members are "unwilling conscripts in the trench warfare" with management. 2

IRA warning: Provisionals blow up two rail bridges on the Belfast to Dublin line and threaten passengers and repair men. 2

Classified advertisements: Appointments, pages 26, 30, 32; La creme de la creme, 32; Personal, 33, 34; Reader Service Directory, 15



Siege man may soon be charged

By Staff Reporters

Charges against the gunman who survived the attack on the Iranian Embassy in London were understood to be imminent last night. A detective completed questioning the man the final of the six-day siege was put at five gunmen dead, two hostages dead, and 24 hostages freed.

Two of those, both Iranian diplomats, were still receiving treatment in hospital yesterday.

During the morning firemen and forensic science experts searched the wreckage of the embassy and found the two bodies they suspected were inside. One was that of a gunman and the other that of Mr Ali Akbar Samadzadeh.

Scotland Yard said later that there were no more bodies and it confirmed that there had been six terrorists.

The dead gunman are thought to include the leader of the group and his second in command. It may be some time before the police establish the identities of the attackers but requests will be opened tomorrow.

Hostage interview, page 2

Four newspaper unions acted illegally over TUC day of action, judge says

By Paul Routledge
Labour Editor

The High Court ruled yesterday that four newspaper unions had acted illegally in organizing support among their members for the TUC's day of action next Wednesday. It was, Mr Justice Griffiths said, a political strike that enjoyed no protection in law.

He granted Express Newspapers an interlocutory injunction ordering the unions to withdraw in their entirety circulars issued last month which urged their members to work on May 14 in protest at government economic and employment policies.

In a judgment that may prompt widespread misgivings among union officials seeking rank and file participation in the labour movement's protest, the judge said: "As the law stands, those who urge such action enjoy no special protection and they are acting unlawfully."

The TUC Economic Committee, which has been responsible for organizing the strikes, marches and rallies, reaffirmed last night its intention to mount an effective day of action "whatever the effect on particular groups the consideration of legal action may have."

Leaders of the four unions affected by yesterday's judgment, the Society of Graphical and Allied Trades, the National Graphical Association, the National Union of Operative Printers, Graphical and Media Personnel (Natopma), and the National Union of Journalists, meet this morning to decide whether to appeal. A statement is expected about noon.

There were signs last night that whatever the response to the High Court order by union executives, the powerful chapel (office branch) print workers' officials will prevent production of national newspapers next Tuesday night.

Weatheralls
Property Report

Weatheralls
Green & Smith

HOME NEWS

Embassy driver tells of gunmen's threat to kill British hostages

By Stewart Tendler

At one stage in the Iranian Embassy siege British hostages were lined up against a wall and told they were going to be shot, Mr. Morris said yesterday.

When an angry gunman later went to kill one of the diplomatic staff, Mr. Morris said, he was stopped by a British soldier. Mr. Morris, chauffeur and factotum at the embassy, said the man whom PC Lock saved was Mr. Abbas Labasani, the assistant press attaché, who was later shot after volunteering himself to the gunmen as their first victim.

As the men of the Special Air Service attacked, the gunmen began spraying the main body of hostages with machine gun fire. A soldier appeared, gun at the ready, and Mr. Morris escaped from the room.

The threat to the Britons came on the second day, but the terrorists then calmed down and assured them they would not be hurt. The British and other non-Iranians were kept apart from the Iranians.

Mr. Morris said the six terrorists were all young men in their twenties. Wearing machine pistols, hand guns and grenades. Two of the men kept scurrying across their faces throughout the siege.

But the others gradually identified themselves. The leader, now dead, was a man who called himself what sounded to Mr. Morris like "On". His second in command was Faisal, also now dead.

The gunmen established themselves in headquarters on the first floor. The hostages were moved round the embassy to confuse the police outside.

On the second day of the siege the gunmen explained their motives. They were in the revolution, they are the government of Iran.

Mr. Morris said their first interest was to get out a press bulletin.

The gunmen launched their attack on London because they believed the British press was the fairest in the world and would report their case accurately.

Their next objective was to escape, Mr. Morris said. They were convinced they would get away with it.

As the days passed the hostages settled into a routine. In the mornings Mr. Morris and Mr. Smith Harris, the BBC sound recordist, made tea for everyone and the women were

allowed to make meals in the embassy's kitchen.

Last Sunday things began to get tense. Mr. Morris said: "They wrote slogans in Arabic on the embassy walls saying 'Death to Khomeini' and this upset the embassy staff."

Arguments broke out as the staff, led by the Charge d'Affaires, asked the gunmen to leave the embassy. Mr. Labasani kept on arguing and was told to shut up. Then Faisal cocked his gun and rushed across the room.

"PC Lock got in his way and put his arm across the gunman," Mr. Morris said. The gunman stopped and the dispute subsided.

Throughout the siege PC Lock kept up morale. "He was exceptional. Cool and calm," Mr. Morris said.

On what was to be the last day of the siege the gunmen were clearly getting frustrated that their demands were not being met. Mr. Labasani told the other Iranians that he would volunteer to die. With no family, he said he was willing to die for his faith. The staff now feel he chose martyrdom.

Mr. Morris said he saw the terrorist leader pacing with the telephone, telling the police that he was not going to wait. He told the police: "I will kill you now and another in 45 minutes. The next time the telephone rings it should tell me that the ambassadors are coming. I do not want any other message."

Mr. Labasani left the room and there were shots. Mr. Morris said he believes that Mr. Labasani was not killed at that point but later and that the terrorists were bluffing.

There was a second burst of gunfire before the body was thrown out of the embassy. When police got to it they found it had been dead some time.

The end of the siege came as the hostages were gathered under one guard. As the sound of explosions and gunfire began to fill the building the man firing at the Iranian diplomats.

An SAS man appeared, framed in the door with a gun extended in front of him. Mr. Morris shouted: "I'm British, British, British." The soldier grabbed him and threw him from the room.

The IRA claimed it used half a ton of explosives to destroy the Kinrossagart bridge, the target of repeated terrorist

attacks. Troops on patrol narrowly missed catching two men as they placed the explosives late on Wednesday night.

The first bomb described as a small explosion damaged the bridge. Eighteen minutes later another bomb, much bigger, wrecked the Kinrossagart bridge.

The warning to train passengers came from the IRA in a south Armagh, the same group which said it will do its utmost to prevent the reestablishment of a cross-border electricity link which passes near Crossmaglen.

It said that any workman who attempted to restore the link, blown up five years ago, will be placing himself in danger.

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Three Ulster MPs held as archbishop is enthroned

From Christopher Thomas

For a supposedly pious and historic occasion the enthronement of the Archbishop of Armagh yesterday had a distinctly unholy air.

Three Westminster MPs, including the Rev Ian Paisley, succeeded in their attempt to be arrested, albeit briefly; the city of Armagh was turned into a fortress town by hundreds of heavily armed police and soldiers; 50 rowdy "loyalists" with Union Jacks held high were hustled into a narrow roadway and hummed in by as many policemen.

Even as the service progressed helicopters circled above St Patrick's Cathedral and police officers with machine-guns and high-powered rifles patrolled the grounds; one, pistol on hip, stood at the main door.

The Most Rev John Armstrong, the new Primate of All Ireland, has 400,000 Protestants in his flock three-quarters of them in Ulster. Some of the banners held aloft by the demonstrators outside were less than complimentary about him. But then they did come from the Rev Ian Paisley's Free Presbyterian Church. Mr. Paisley has already turned his wrath on to Archbishop Armstrong, the "ecumenical parrot" as he called him.

Mr. Paisley, MP for Antrim North and a member of the European Parliament, and two fellow Democratic Unionist MPs, Mr. Peter Robinson (Belfast, East) and Mr. John McQuade (Belfast, North), were taken away after Mr. Paisley told the police: "We are going to go through. You have no option but to arrest us."

The three MPs were finally led off to the local police station where they were held for about 90 minutes. No charges were preferred. A senior officer said later that a report would be sent to the Director of Public Prosecutions.

He and his followers were demonstrating about the presence in the cathedral of Mr. Charles Haughey, Prime Minister of the Irish Republic. Mr. Paisley boomed: "We are here to protest about the visit of the head of a hostile state who is responsible for giving sanctuary to the murderers of your colleagues."

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The Rev Ian Paisley being arrested outside St Patrick's Cathedral in Armagh.

The protesters' banners spoke of blood being on Mr. Haughey's hands. "From arms trial to Armagh", one said. Hidden in the narrow street with a high wall blocking their view to the cathedral, they could not see the sight that would have enraged them further: Mr. Haughey walking cheerfully in procession with Mr. Humphrey Atkins, Secretary of State for Northern Ireland, and chatting busily to Mrs. Margaret Atkins.

Mr. Haughey arrived in a black limousine with an Irish Republic registration plate minutes after Mr. Paisley and his colleagues had been taken away. He wore a black morning suit and carried a top hat, and looked, as always, resplendent in his cultivated air of enigma.

The archbishop's sermon steered clear of politics except to say: "All kinds of violence are abhorrent to me and I believe the Church must be seen to resist those who make violence a way of life."

That said, the 90-minute service was soon over, the collection plate came round, and everybody went home. And Armagh, much of it obliterated by the bombs of a decade, slipped back to normal.

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Denning ruling on Granada provokes press outcry

Continued from page 1

Daily Mail reporter, refused to disclose sources of information relating to the Vassall spy trial. He and Mr. Reginald Foster, of the Daily Sketch, were jailed. Appeals, heard by Lord Denning, were dismissed.

Sir Denis Forman, chairman of Granada Television, said yesterday: "We stand by our view that this was a responsible programme, responsibly made, in the public interest, dealing in the sixth week of the steel strike with matters which had an immediate priority."

In answer to Lord Denning's criticism of the way the programme was handled, Granada television said its makers had followed a code of conduct laid down because of the dangers which arise from live television interviews.

British Steel was told the day before the programme the precise nature of the documents and by letter given the questions to be asked. The interview was pre-recorded and broadcast unedited. Afterwards, Sir Charles Villiers had said he had had "a pretty fair hearing".

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Print union threatens to step up action

By David Felton

Leaders of the National Graphical Association (NGA) yesterday reaffirmed their determination to continue the provincial printing dispute and threatened to step up the action in some areas.

The dispute, now in its sixth week, has led to the closure of most provincial newspapers and parts of the general printing industry after the employers imposed a national lockout.

The union's national council decided yesterday that general printing firms that were "sitting on the fence" could become legitimate targets for action. Those companies not involved in the lockout but which have not conceded the NGA's claim of the introduction of a 374-hour week during the next year and a £30-a-week minimum earnings level.

The most prominent is the British Printing Corporation. Fears have been expressed that if the corporation was closed for any length of time, it might not be able to reopen.

NGA leaders are convinced, particularly in view of what they see as a collapse of morale among members of the companies of the British Printing Industries Federation, they can win the dispute. They also decided to continue a programme of sporadic disruption in Fleet Street.

Despite informal approaches from the Advisory Conciliation and Arbitration Service (Acas), the union is waiting for an official approach before it considers whether it is worthwhile attempting to reopen talks with the employers.

In response to the informal approaches, it is understood that the federation and the Newspaper Society, the other employers' organization, indicated their willingness to re-enter talks, as did the three other main printing unions, but the NGA seems to be biding its time.

Flying pickets: NGA members from Oswestry and Chester were among a group of about 70 pickets outside the offices of the North Wales Weekly News at Llandudno Junction yesterday (Our Llandudno Correspondent writes).

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Mr Varley for state financing of ballots

By Donald Macintyre

Labour's employment spokesman is in favour of retaining the Government's provision of state finance for secret union ballots despite the strong opposition of the TUC.

They are awaiting a detailed code of practice on the conditions attached to cash to union ballots and the response it receives from union leaders. Mr Eric Varley, chief opposition spokesman on employment, said yesterday: "I cannot see any great objection to accepting money to finance ballots."

That position cuts direct across that of the TUC Employment Policy and Organization Committee, whose majority view is that state finance should be boycotted as part of general opposition to the Employment Bill.

Several senior union leaders have suggested that the clause could be the first step towards compulsory ballots or the unacceptable conditions would be attached to the acceptance of state aid.

However, Mr Varley told

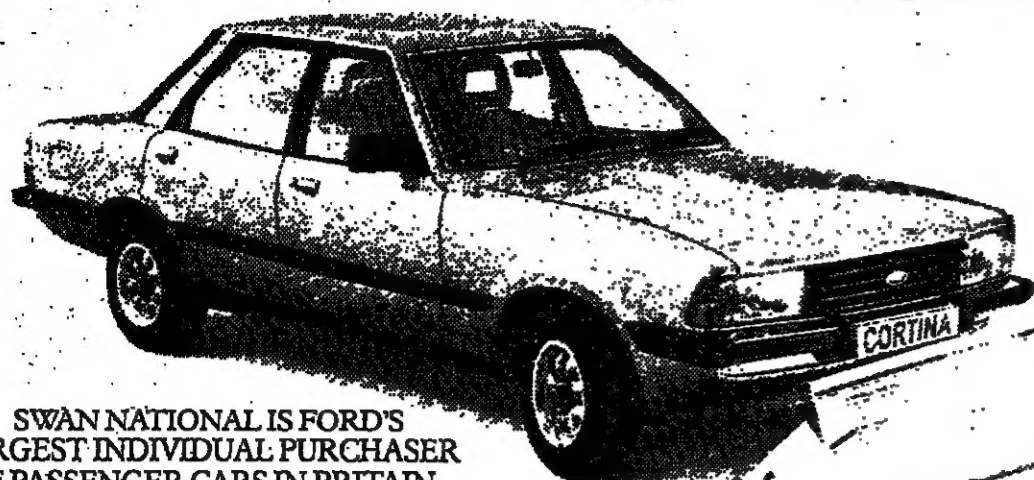
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SWAN NATIONAL



HOME NEWS

Ballet, opera and racing narrowly escaped BBC cuts

By Ian Bradley

Any further changes to the BBC's planned expenditure during the next two years, which could come about as a result of continuing high inflation, will cause a serious reduction in both the quantity and the quality of the television and radio services.

A survey by *The Times* shows how narrowly the television service escaped serious cuts during the recent round of cuts in the BBC's 1980-82 spending plans, which were made in response to the Government's decision to raise the licence fee to £34 rather than the £40 requested.

Although the overall reduction in planned spending was about 10 per cent, the two television networks survived with a cut of only 3 per cent. A cut of 5 per cent would have meant the end of all broadcasts of opera and ballet, either relayed from theatres or made in studios, and of the coverage of horse racing.

A cut of 10 per cent would have meant that BBC 2 would not have begun broadcasting until 8 pm, while a cut of 15 per cent would have meant the complete closure of that channel.

In radio, which suffered a 5 per cent cut, any further reduction in expenditure would mean a significant shortening of the number of hours of broadcast. Already, irrespective of the latest round of cuts, serious consideration is being given to the merging of local radio with one of the four existing networks within the next few years.

The most likely development would be the creation of a home and local service and a national information network of news and current affairs to replace

Radio 4, with two other networks between them taking over the present functions of Radios 1, 2 and 3.

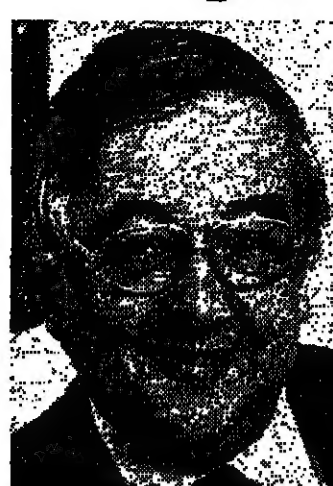
The BBC is not totally confident that the recent round of cuts is the last that it will have to make before the licence fee comes up for renewal in July, 1982. The present expenditure plans are based on the assumption of an inflation rate of 16 1/2 per cent this year and 12 1/2 per cent next year. Already those figures are beginning to look optimistic.

Although the Association of Broadcasting and Allied Staffs has indicated a general acceptance of the 15 per cent pay increase offered by the BBC this year, there is still an outstanding claim for compensation with staff in independent television some of whom earn 30 to 50 per cent more than the BBC counterparts. There is also a complicated grading dispute still to be finally resolved.

The economies announced by the governors last month totalled £130m. About £90m will be saved by deferring or dropping various capital developments in the next two years.

They include new broadcasting centres in Edinburgh and Bangor, a new scenic workshop to serve Television Centre, London, film and office accommodation in Bristol and Plymouth, and the provision of a mobile unit in Liverpool. Refurbishment of several buildings has also been postponed.

Projects that will go ahead include the new television centre at Television Centre, which will free the site scheduled to take current affairs studios, at present sited at Lime Grove, a new videotape area and an audience studio to replace the tele-



Mr. Aubrey Singer: 'Television under threat.'

vision theatre at Shepherds Bush.

The go-ahead has also been given for the signing of a lease on the site for a broadcasting centre in Newcastle upon Tyne. But no firm commitment has been made to build it.

The implications and effects of the remaining £40m cut in planned operating expenditure have been worked out in detail and are as follows:

Network television: Cut of £12.7m (3 per cent) will be met by reducing certain layers of management in servicing departments and giving producers a 6 per cent increase in their budgets rather than 16 per cent originally planned. Mr. Alasdair Milne, managing director, television, says that there will be no programme losses this year, although there may have to be next year.

Network Radio: Cut of £4.1m (5 per cent). Advice service



Mr. Alasdair Milne: 'No programme losses this year.'

planned for Radio 1 in association with the Manpower Services Commission is scrapped. Radio 2 loses *Waggoners' Walk* from end of May. Radio 3 has closed down at 11.15 pm. Radio 4 comes off worst, losing one drama slot (Saturday Afternoon Theatre), and the 'Encore' edition of *Kaleidoscope*, taking *Inside Parliament* and continuing education on both long wave and VHF, and replacing expensive Wednesday evening features with phone-in series.

Miss Monica Simms, controller of Radio 4, says: 'If we had to take any further cuts, it would mean a reduction in our hours of broadcasting.' Mr. Aubrey Singer, managing director, radio, says: 'If there has to be another round of cuts, they will have to fall on television.'

News division: £1.1m (3 per cent). Planned expansion of specialist correspondents at

home and overseas deferred. Details of other economies are still being worked out, but there is a commitment to maintain existing foreign correspondents if possible.

English-regional television: £2.2m (9 per cent). The board of management originally proposed to cut this area by 15 per cent, but the governors restored 20 of the 40 Tuesday evening opt-out programmes that were to have been ended. However late-night regional news bulletins will end and there will be less use of regional announcers and presentation staff.

Mr. Michael Alder, head of regional television, says: 'We are very relieved by the governors' decision, but I cannot see any significant development in the 1980s.'

Local radio: £2m (7 per cent). Existing stations will be on the air for a slightly shorter time and will have more sequence programmes and fewer 'built up' features and documentaries.

Scotland: £2.6m (7 per cent). Loss of BBC Scottish Symphony Orchestra, 25 per cent reduction in spending on schools and further education programmes. It had originally been decided to end all educational broadcasting in Scotland, but the governors have agreed to review the position in the autumn after consultation with local education authorities.

Wales: £1.8m (5 per cent). Helped by the Government's wish to increase Welsh language broadcasting in 1982. There will be a reduction of about five hours a week in the output of both Radio Wales and Radio Cymru and fewer television outside broadcasts. Northern Ireland: £0.8m (5 per cent). Northern Ireland Orchestra disbanded, proposed increases in output of Radio Foyle and Radio Ulster deferred.

Engineering: £3.5m (15 per cent). Along with other servicing departments, taking the brunt of the cuts, although there are to be no economies in the transmission area.

The research department at Kingswood Warren and the training department at Wood Norton have been given more commercial targets and told they must raise more money from joint projects with industry and from overseas broadcasting organisations.

More equipment will be bought 'off the shelf' and less expensively modified to suit specific operational requirements.

Mr. Bryce McCricker, director of engineering, says: 'I can live with the savings I have had to make, but I cannot see how I could take on any further savings without sacrificing quality.'

Central services, personnel, public affairs and finance: £4.6m (15 per cent). Savings being made through increasing computerisation and by a reduction in activities of supporting services such as audience research, publicity and information, international relations.

The three network production centres (Manchester, Birmingham and Bristol) are also making savings between them of £1.2m.

The cruel cuts, page 20

Two latest transplant patients recovering

By Annabel Perriman

Health Services Correspondent

Britain's latest heart transplant patients were recovering well yesterday in Harefield Hospital, Uxbridge, and Papworth Hospital, near Cambridge.

Mr. John Gardiner, aged 44, a sheet metal worker from Oxford, was given a new heart at Harefield Hospital in the early hours of yesterday morning. A few hours after Mr. Sidney Cash, aged 47, from Birmingham, was given a transplant at Papworth Hospital.

The latest transplants bring the total performed in Britain to 19. Nine have been carried out at Papworth and six at Harefield since the latest series began in January 1979.

The future of the cardiac unit at Harefield was discussed in an adjournment debate in the House of Commons early yesterday morning. Its future is uncertain because the London Health Planning Consortium's study group on cardiothoracic surgery recommended in October, 1979, that its work be moved to other hospitals.

Mr. Michael Sherry, Conservative MP for Hillingdon, Ux-

bridge, said that if the unit was closed it would mean the break-up of a brilliant team which had gained an international reputation for its expertise.

He urged the Government to 'have regard to the excellence of the people at Harefield, rather than the desire of the planners for a neat and tidy plan'.

Sir George Young, Under-Secretary of State for Health, replying, said that he understood the concern about the future of the unit but emphasized that no decision had been made yet.

He reiterated the Government's view that only limited resources could be made available for heart transplants until it could be shown that the results of such work merited the cost.

The hospital said last night that the future of the unit was to be discussed by the North West Thames Regional Health Authority on June 2, but no decision was expected from the Government until the autumn.

The hospital had raised £20,000 through coffee mornings and discotheques for transplants.

Students asked to reject cigarette sponsorship

By Our Health Services

Correspondent

Sir Douglas Black, president of the Royal College of Physicians, has written to the National Union of Students asking it to reconsider its decision to promote cigarette sales in student unions.

The NUS has negotiated a deal with Philip Morris, disclosed in *The Times* last week, whereby the cigarette company is allowed to promote Chesterfield cigarettes in student unions in return for providing posters for film clubs and running Chesterfield film nights.

Sir Douglas said in his letter to Mr. Trevor Phillips, retiring

president of the union: 'One of the crises of anguish from the relatives of those who have been told their lungs or heart have been irreparably damaged by cigarettes is, "Why didn't someone tell us?"'

'We doctors are doing our best and are desperately anxious that young people should be made aware of the risks of smoking and we are convinced that any kind of tobacco sales promotion can only result in longer term harm.'

'I do earnestly hope that you and your council will reconsider this proposed sponsorship. If you do, I am certain that you will give leadership and encouragement to many.'

Protest by Malaysian nurses

By Our Health Services

Correspondent

The number of Malaysian nurses coming to Britain may decline soon because of an Act just passed by the Malaysian Parliament which ends automatic registration for nurses in Britain.

Malaysian nurses, who number 4,000 in Britain, are the second largest group of overseas nurses in the health service. They are angry about the Act.

The Malaysian Nurses Society in the United Kingdom said that the society thought the Nurses (Amendment) Act, 1980 which amended the Nurses Act, 1950 was discriminatory. 'We are not against our Government wanting to maintain an independent nursing standard, but we think it should not affect those nurses already here.'

She said that a survey that had been carried out in 1978 showed that four-fifths of Malaysian nurses in Britain wanted to go back after their training, but that if they did so now, their qualifications would not be automatically recognized.

Malaysia was short of trained nurses having only one nurse to 1,570 of the population.

Patties joke leads to libel action

A well-intentioned piece of humour turned into a costly and wounding libel action, counsel told Mr. Justice O'Connor and a jury in the High Court yesterday.

Mr. Harry Boggs-Rolfe was appearing for Mr. Rex Charles Samuels and his wife, Torleche, who run Charles Tassies, a baker's shop in Seven Sisters Road, Tottenham, London. They claimed libel damages from the *West Indian World*, a newspaper, alleging that an article published in February, 1979, led to a big slump in their trade and that it assumed it referred to their parties.

The newspaper's publishers, Leonard Publishing, of Stoke Newington, London, Argus Distribution, who distribute it, and EAWO Ltd, the printers, of Ipswich, Suffolk, deny libel.

It was alleged that the newspaper had given readers a warning to look before biting into Jamaican patties. 'It could be Rome from next door', it said. 'There has been a noticeable shortage of strays.'

Mr. Boggs-Rolfe said the article caused Mr. and Mrs. Samuels great distress as well as financial loss.

Mr. Samuels said in evidence that she first heard of the article when a customer asked if it was dog or cat in the patties that day.

The defendants conceded that there was no criticism of the patties in the Samuels paper. The article did not mention their shop.

Mr. John Price, for the defendants, said: 'The defendants' case is that this story came from an informant who rang up the paper and was taken to refer to a different supplier from Charles Tassies.' The newspaper had apologized, making it clear that Charles Tassies was not the shop referred to.

The hearing continues today.

17 airways staff accused of fraud

Seventeen British Airways staff have been arrested by Heathrow CID and charged with conspiring to defraud the airline by accepting cash for over-booking excess baggage payments, they will appear at Uxbridge Magistrates' Court on Monday.

The include check-in girls, supervisors and baggage handlers and were arrested in police raids during the past week.

symbol of the improvement was the tenants' association.

Although it is still too early to determine whether the results were permanent, the police believe that crime has dropped.

In 1976 nearly half the adults interviewed noticed serious damage to shops, but by 1979 that fell to one in eight. The survey in 1976 placed vandalism as the estate's most serious difficulty. By 1979 that changed to 'empty employment'.

Community Planning Project: *Cunningham Road Improvement Scheme, Final Report* (Barry Rose (Publishers) Ltd, Little London, Chichester, Sussex, PO19 1PC; £4.50, including postage and packing).

Memorial to Yalta victims will go ahead

By Richard Ford

A memorial to Russians forcibly repatriated by the British Government between 1944 and 1947 is expected to be unveiled by the end of the year. The Yalta Victims Memorial Appeal has raised £4,000 towards the cost of the memorial.

The stone monument will be erected on Crown land opposite the Victoria and Albert Museum in Kensington, London. Mrs. Margaret Thatcher, the Prime Minister, overrode Foreign Office objections that Crown land should not be used for a monument implicitly critical of past government action.

An inscription, approved by Mrs. Thatcher, will be at the base of the monument, designed by Miss Angela Connors, the sculptor, and made of Hopron stone from Derbyshire.

It will read: 'This memorial was placed here by members of Parliament of all parties, and others, to commemorate the thousands of innocent men, women and children from Russia and other East European nations, who were imprisoned and died at the hands of communist governments after their repatriation at the conclusion of the Second World War.'

The memorial will be a sphere floating in water with three jets of water directed on to it. The sphere, Miss Connors said, represented the individuals and the three jets the great powers, Russia, the United States and Britain, which agreed at Yalta to the repatriation programme.

Most of the £4,000 received by the Yalta Victims Memorial Appeal has come in donations of less than £10. Sir Bernard Fraine, Conservative MP for Essex, South-East, and chairman of the appeal, said at a House of Commons press conference.

The appeal had received many letters from servicemen who had known a small part of what had happened, he said, but none from the Foreign Office officials involved in the policy.

'It was a sad story and we see the erection of the memorial as a victory for common sense and common humanity,' Sir Bernard said. 'The monument will remind everyone of the sheer horror of what happened and will show we have made some public statement for the deed.'

The repatriation had been 'one of the worst and shameful episodes in our history'. About 2,500,000 people were sent back to Russia, half through British agencies; 7,000 passed through the United Kingdom, many stopping over in camps in Yorkshire.

'Mini-prisons' for children attacked

By Lucy Hodges

The state has too great a power to take children into care, to deny parents access to their children and to keep the whereabouts of children from their parents, the authors of a book published today state.

The book, written by a barrister, two academics and a social worker, puts forward a strong case for parents' and children's rights. Under present law a magistrate can authorize the removal of a child from its parents for up to 28 days on the word of a social worker, with no right of appeal, the book says.

Much of the increasing intervention by social services departments stems from the Child Maria Colwell case. 'Child abuse registers are kept throughout the country and there are at least 50,000 children's names on these registers.

Labour refuses control of Liverpool council

From Our Correspondent

Liverpool Municipal government is again leaderless after the election results last Thursday which left the city council with Labour holding 40 seats, the Liberals 38, and the Conservatives 21, after all 99 seats had been contested.

Labour, although the largest party, refusing to take control and has rejected a Liberal suggestion for shared government, while the Tories are waiting for new suggestions.

The parties' positions became clear at the meeting of the council's committee of selection yesterday, which recommended the party representation on the various committees.

At the close of an acrimonious two hour meeting, Mrs. Doreen Jones, the Lord Mayor, who presided, was in tears. She made a direct appeal to Mr. Hamilton.

Mr. Hamilton replied that the Liberals had reneged in the past over agreements.

outside the city because we have no settled council.

It was decided the composition of the various committees should be: Labour 11, Liberals 10, Conservatives six. Labour governed last year on being allowed an extra seat at committee level, after a three-month hiatus, but that arrangement was rejected yesterday by the combined Liberal and Conservative vote.

Mr. John Hamilton, the Labour leader, said his group would not take office with such an allocation of party seats, because it lacked an overall majority.

Mr. Trevor Jones, the Liberal leader, said Liberals would decide on their course in the next few days. They were prepared to share responsibility with the other two parties and he made a direct appeal to Mr. Hamilton.

Mr. Hamilton replied that the Liberals had reneged in the past over agreements.

for £5m last year, sailed with 1,200 passengers who had joined her in Orle.

5 Sand and mud entered the ship's salt-water system when her bow-chimneys were activated after a 2450m conversion docked in Hapag-Lloyd's shipyard, Bremerhaven, West Germany.

Waste water from cabins on two of the liner's 10 decks could not escape. That caused flooding and damage to her carpets.

The organizers of the cruise, the Norwegian Caribbean Line, said that questions of blame and compensation had to be settled.

The tribunal found each guilty of conduct unbecoming a solicitor. Lapses by Mr. Taylor, a solicitor since 1967, were completely out of character and began his career started by pressures on him after the sudden death of his first wife.

They claim they are acting in the interests of all patients because there are insufficient facilities at Oakwood to look after restriction order cases.

Mr. Ashingda, who was convicted at Rochester in 1970 of dangerous driving and four offences under the Firearms Act, is now considered suitable for transfer to Oakwood.

He has issued writs against the union officials and their members seeking a declaration that they were acting unlawfully and an injunction restraining them from causing the Department of Health and Kent Area Health Authority refusing him admission to Oakwood.

The scheme at the Cunningham Road estate, has substantially reduced noticeable damage to shops and housing and has enabled the area to shed a good deal of its image as the town and vandalized.

The Widnes scheme designed to test whether vandalism could be countered by environmental improvements in line with the expressed wishes of the local community. It was carried out by the National Association for

the Care and Resettlement of Offenders (Nacro) and Social and Community Planning Research, which published a report of their findings earlier this week.

Nacro said that it was carrying out similar projects in Lambeth and Acton in London and that the Greater London Council had agreed to give it grants of £50,000 a year for three years to conduct the same experiment on at least six of its estates, and possibly as many as 20.

The report says: 'There

Broadmoor man can sue union officials

By Our Social Services

Correspondent

A patient at Broadmoor special security mental hospital has given leave by the House of Lords today to sue union officials whose members are blocking his transfer to a local psychiatric hospital near his home.

An appeal committee of three Law Lords, headed by Lord Dilhorne, refused Mr. Colin Robinson and Mr. Thomas Harter, officials of the Confederation of Health Service Employees (Cohse) leave to challenge a Court of Appeal decision in favour of the patient, Mr. John Ashingda, aged 40.

The Court of Appeal ruled that the two branch officials of Cohse were not protected from legal proceedings by the Mental Health Act.

Nurses who are members of Cohse at Oakwood Hospital, Maidstone, Kent, have for several years opposed the admission to Oakwood of any patient subject to a restriction order made under the Mental Health Act.

They claim they are acting in the interests of all patients because there are insufficient facilities at Oakwood to look after restriction order cases.

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The report says: 'There

Kilkellen, owned and ridden by Miss M. Orzazewska, of Stroud, Gloucestershire, jumping in the Calor Gas International Stakes at the Royal Windsor Horse Show yesterday.

Strathclyde opposes benefit reforms

By Our Social Services

Correspondent

Strathclyde Regional Council's Social Work Committee decided yesterday to seek substantial changes in the proposed government reform of the supplementary benefits system, which it believes will cause hardship in the region.

The committee reaffirmed its policy that its power to help the poor would not be used to replace income previously provided by the Government. Strathclyde is Scotland's biggest region, and contains its poorest areas.

The committee was concerned at the combined effects of the government's two social security Bills, going through Parliament. Reports to the committee suggested that the combined income loss from the two Bills for pensioners, the unemployed and other social security claimants could reach £100m a year by 1984.

The committee decided to recommend that representations should be made to the Government at the highest level to change the Bills.

Cabinet retracts pledge on pensioners' earnings

By Pat Healy

Social Services Correspondent

The Government yesterday retracted from its pledge to abolish the pensioners' earnings rule within the life of this Parliament although new estimates show the cost of doing so has dropped substantially.

Mr. Patrick Jenkin, Secretary of State for Social Services, told the Standing Committee on the Social Security (No 2) Bill that revised estimates showed that the cost of abolishing the rule was now £110m, compared with £170m estimated by the previous Government. But after offsetting extra revenue from tax and national insurance contributions, the net figure would be £55m.

Mr. Jenkin told the committee that the Government intended to abolish the rule 'where economic circumstances permit'.

Mr. Stanley Orme, Labour spokesman on social services, described Mr. Jenkin's statement as 'another victory for the Treasury'. Mr. Jenkin, he said, was running away from a manifesto commitment.

Mr. Jenkin's admission came during the debate on the Government's proposal to freeze the earnings rule limit at £52, instead of raising it in November in line with movements in earnings.

The earnings rule progressively reduces retirement pensions in line with earnings for pensioners aged within five years of retirement age. Men aged 65 to 70 and women aged 60 to 65 lose £2 of their pension for the first £4 of earnings above the limit, now £52 a week. Thereafter, they lose £1 of pension for each £1 of earnings.

Present legislation, enforced against the previous administration's wishes by a Labour backbench revolt combined with Conservative MPs, requires an annual review.

Mr. Jenkin headed off any potential revolt in his own ranks yesterday by giving the committee a 'categorical assurance' that the Government remained committed to getting rid of the earnings rule.

London to try Widnes cure for vandalism

By Craig Seron

An experimental project to combat crime and vandalism on a council housing estate in Widnes, Cheshire, has produced such good results over three years that it is being extended.

The scheme, at the Cunningham Road estate, has substantially reduced noticeable damage to shops and housing and has enabled the area to shed a good deal of its image as the town and vandalized.

The Widnes scheme designed to test whether vandalism could be countered by environmental improvements in line with the expressed wishes of the local community. It was carried out by the National Association for

the Care and Resettlement of Offenders (Nacro) and Social and Community Planning Research, which published a report of their findings earlier this week.

Nacro said that it was carrying out similar projects in Lambeth and Acton in London and that the Greater London Council had agreed to give it grants of £50,000 a year for three years to conduct the same experiment on at least six of its estates, and possibly as many as 20.

The report says: 'There

seems little doubt that the Cunningham Road estate has changed importantly and for the better as a result of the project.'

Many of the local residents' recommendations were implemented. The outside of council houses were painted, repairs were made to pavements and street lighting and trees were planted.

A policeman on the beat was introduced, an adventure playground and youth and community centre locally established and a residents' association was formed, which became a successful channel of communication between the tenants and the local council.

The report says that the main

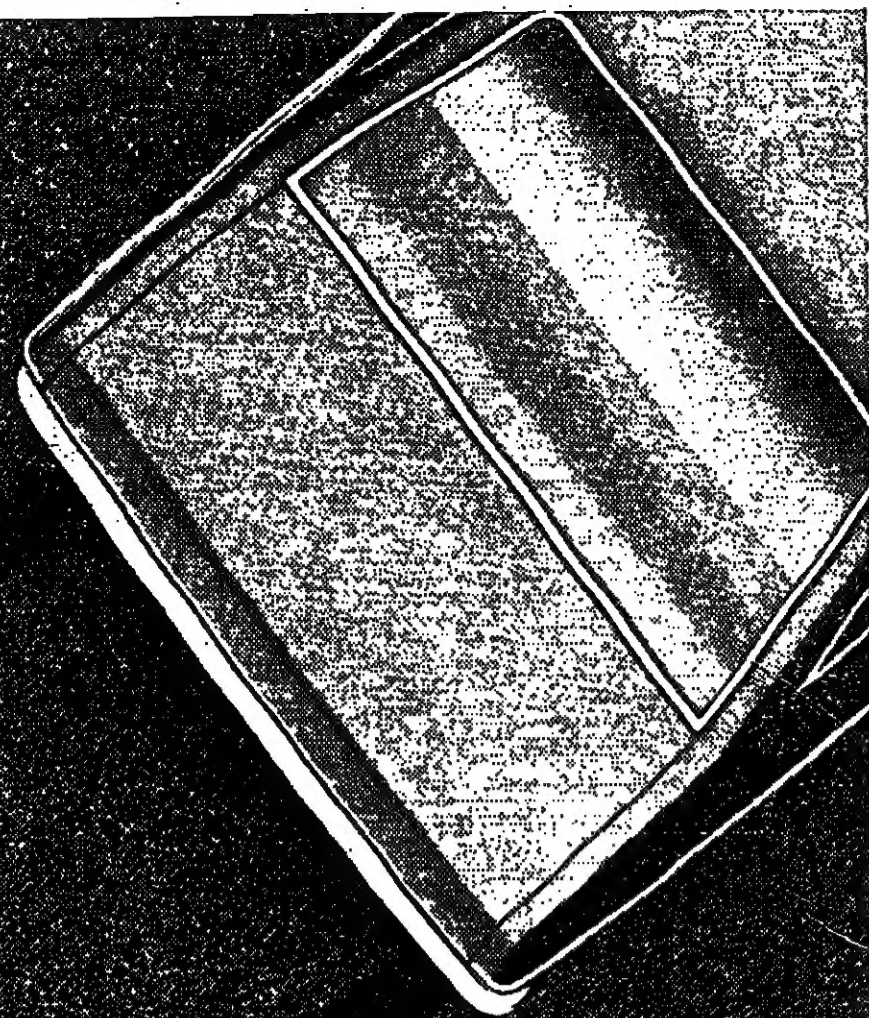
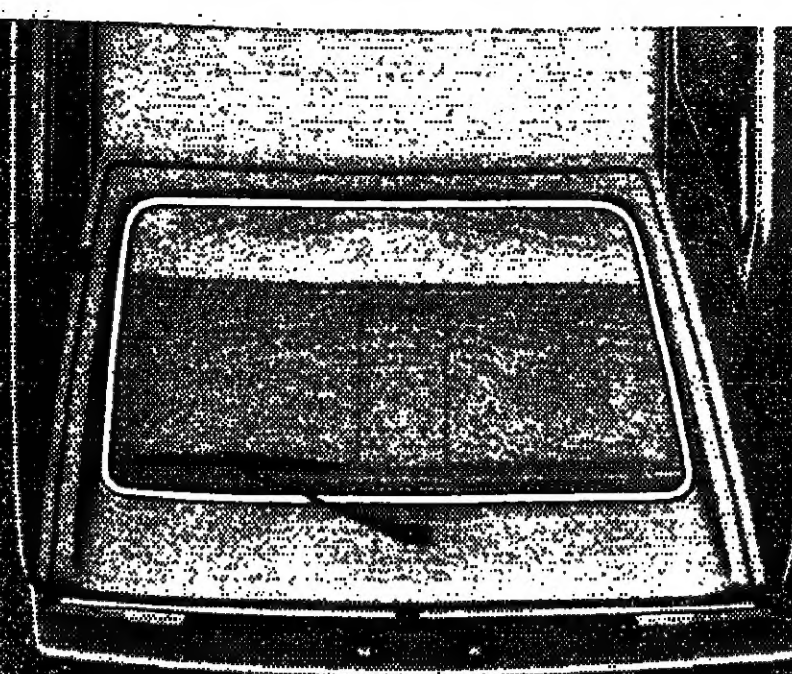
symbol of the improvement was the tenants' association.

Although it is still too early to determine whether the results were permanent, the police believe that crime has dropped.

In 1976 nearly half the adults interviewed noticed serious damage to shops, but by 1979 that fell to one in eight. The survey in 1976 placed vandalism as the estate's most serious difficulty. By 1979 that changed to 'empty employment'.

Community Planning Project: *Cunningham Road Improvement Scheme, Final Report* (Barry Rose (Publishers) Ltd, Little London, Chichester, Sussex, PO19 1PC; £4.50, including postage and packing).

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OVERSEAS

Senator Kennedy determined to fight on to the bitter end despite humiliating poll defeats

From David Cross
Washington, May 7

In spite of yet more humiliating defeats in three of yesterday's four primary elections, Senator Edward Kennedy and Mr George Bush have reiterated their determination to stay in the race for their parties' presidential nominations until the bitter end.

Senator Kennedy, who was campaigning in Baltimore, Maryland, said that his losses to President Carter in Indiana, North Carolina and Tennessee would encourage him to increase his campaign efforts for the final hectic round of primaries which ends in California, Ohio and New Jersey in a month's time.

Mr George Bush, who was expected to lose yesterday's primaries, had said in advance that he intended to concentrate his efforts on California, Mr Ronald Reagan's home state.

Intensely, however, both of the trailing candidates will come under heavy pressure from their political parties to end their campaigns so that President Carter and Mr Reagan can concentrate their activities on beating each other in the election in November.

Both Senator Kennedy and Mr Bush have already made it clear that such appeals will not be heeded.

Nevertheless the arithmetic of the delegates already committed to the two front-runners now makes it virtually impossible for Mr Bush and Mr Kennedy to catch up.

After yesterday's primaries Mr Carter has a total of 1,365 delegates to the Democratic national convention (he needs 1,666 to win the nomination) and Mr Reagan has 803 delegates to the Republican forum. The former Governor of California needs 998 for his party's nomination.

Yesterday's primary results were totally in line with expectations: Mr Carter beat Senator Kennedy by a two-to-one margin in Indiana, and four-to-one margins in North Carolina and Tennessee. On the Republican side Mr Reagan's margins of victory over Mr Bush were more than four-to-one in Indiana and Tennessee and three-to-one in North Carolina.

Only in the District of Columbia, which also held its primary yesterday, were Mr Kennedy and Mr Bush the winners. This was scant comfort for either man, however, since only a handful of delegates were at stake in the nation's capital. Mr Reagan had not even bothered to enter the popularity contest there.

Senator Kennedy had campaigned actively in only two of the areas which went to the polls yesterday—Indiana and the District of Columbia. But a total of five days' trying to woo voters in the northern industrial part of the state suffering heavy unemployment failed to offset Mr Carter's strength in rural areas.

The results of the primaries are as follows:

INDIANA
Democrats: Carter 67 per cent, Kennedy 33 per cent.
Republicans: Reagan 74 per cent, Bush 16 per cent.
No prof 3 per cent.

NORTH CAROLINA
Democrats: Carter 70 per cent, Kennedy 16 per cent, No prof 9 per cent.
Republicans: Reagan 67 per cent, Bush 22 per cent.
No prof 3 per cent.

TENNESSEE
Democrats: Carter 75 per cent, Kennedy 16 per cent, Uncommitted 4 per cent.
Republicans: Reagan 74 per cent, Bush 13 per cent.
Uncommitted 3 per cent.

DISTRICT OF COLUMBIA
Democrats: Kennedy 62 per cent, Carter 37 per cent.
Republicans: Bush 56 per cent, Anderson 29 per cent.

Britain considering action on Libyans

By David Spanier
Our Diplomatic Correspondent

Britain is considering whether it may be necessary to take action against Libyan diplomats, after the recent murders of two Libyans in London, apparently carried out with the encouragement of the Tripoli authorities.

What has particularly disturbed the British Government is that its latest attempt to secure the cooperation of the Libyans to combat terrorism has proved totally unsatisfactory.

It was to express British concern over the intimidation of Libyan dissidents living in London that a senior Foreign Office diplomat, Sir Anthony Acland, visited Libya recently, where he had a meeting with the Foreign Minister.

Shortly after this visit, Colonel Gaddafi, the Libyan leader, chose to issue a "final warning" to Libyans living abroad. People whom he described as remnants of the former regime should return home, he said, as the only chance of saving themselves, or face the fact that they were doomed "wherever they might be". Libyan propaganda has made it clear that this includes London.

Stating pressure of diplomatic business, including the assassination of the Iranian Embassy seige in London, Lord Carrington, the Foreign Secretary, announced yesterday that he would not be able to attend the funeral of President Tito.

Lord Carrington has just returned from Washington and will be away all next week—first for the meetings of Nato foreign and defence ministers in Brussels, then the celebration of the twenty-fifth anniversary of the Austrian State Treaty in Vienna, and finally at the EEC foreign ministers' gathering in Naples.

A decision on Libyan representation in London is not, therefore, expected immediately. One difficulty is that the Libyan Government does not have an embassy as such, but a "People's Bureau".

'Diplomats' refuse to leave US

From Patrick Brogan
Washington, May 7

Four Libyans, whom the United States considers to be diplomats and declared persons non grata last week, have refused to leave the country. They are in the Libyan Embassy here and have been told that if they emerge, they will be arrested and deported.

The Libyan Charge d'Affaires has told the State Department that the four are not diplomats and that he is awaiting instructions from Tripoli. The four were served with orders of expulsion on Friday and should have left on Monday.

They were then informed that their visas had been revoked and were ordered to leave by yesterday afternoon. When they did not do so, a State Department official went to the Embassy, and was told about the sudden non-diplomatic status of the four and the delays in communication with Libya.

Reasons for absence of Mr Carter

From Our Own Correspondent
Washington, May 7

The State Department said today that "circumstances did not allow" President Carter to attend Marshal Tito's funeral. The White House said it would be "unseemly" to discuss the United States at the funeral.

That is the only official reaction so far to the openly expressed displeasure in Belgrade that America should be represented by Vice-President Mondale and Mr Carter's mother. The newspapers have mentioned this displeasure, but have yet to examine the implications of this latest faux pas by the Administration.

The "circumstances" which prevent Mr Carter going to Europe are a town meeting he is to address in Philadelphia on Friday afternoon (which could obviously be put off) and a firm decision not to risk meeting President Brezhnev. It is suggested that such a meeting would send the wrong signal to Moscow.

This analysis sounds very like the work of Mr Zbigniew Brzezinski, the President's National Security Adviser, whose fervent and persistent Soviet opinions have led to frequent incidents of this sort.

One reason for Mr Cyrus Vance's resignation as Secretary of State was that he refused Mr Carter permission to go to Vienna for the twenty-fifth anniversary of the Austrian State Treaty on May 15, where he would have met Mr Andrei Gromyko, the Soviet Foreign Minister.

Mr Brzezinski was against the trip. He thinks that the less the United States has to do with the Soviet Union, the easier it will be to get the Russians to pull out of Afghanistan. The President's statement on Marshal Tito's death emphasized America's commitment to an independent Yugoslavia. A trip to Belgrade would have undermined that commitment, and would have shown the Yugoslavs that the United States respected them and their late President. Mr Carter believes in the sanctity of motherhood and therefore sent his mother to the funeral.



The Duke of Edinburgh, followed by Mrs Thatcher and Mr Callaghan, after arriving in Belgrade yesterday.

Two contenders for succession to Mr Karamanlis

From Marin Modiano
Athens, May 7

Whoever can convince the New Democracy Party's 173 deputies that he can lead the party to victory in the next general election is the likeliest successor to Mr Constantine Karamanlis in the leadership of the party and the two main contenders have an equal chance to win tomorrow's secret vote in the party caucus. Mr George Rallis, aged 61, the Foreign Minister, is favoured by the party's moderates, while Mr Evangelos Averoff, aged 70, the Minister of Defence, has the support of the party's conservative wing.

There are misgivings in the party that the combined effect of prolonged wear and tear of office and the absence of Mr Karamanlis seriously hurt New Democracy, which polled 41 per cent of the national vote in the last elections two and a half years ago, against 25 per cent of its chief rival the Panhellenic Socialist Movement (Pasek) of Mr Andreas Papandreu.

It was only thanks to the prevailing electoral system which awards extra seats to the biggest parties, that New Democracy maintains a clear majority of 50 deputies over all other parties. But the question is: can this be true also of the next election results?

A general election, of course, is not due until November, 1981, although it is unusual for Greek Parliaments to exhaust a full four-year term. Pasok's popularity is said to be on the rise. Tomorrow's vote, therefore, will be guided by the question of which of the two challengers can defeat Pasok at the polls?

Mr Rallis reflects the line of moderation that Mr Karamanlis has grafted into Greek politics, after the lesson of the seven-year dictatorship. He has the advantage of being younger and a record as a good party worker. Several deputies, including a debt of gratitude for including them on the party tickets.

What gives Mr Rallis a special aura of liberalism is his success in introducing democratic Greek not only in education but also in officialdom—a reform that even more liberal governments had not dared to complete and that has greatly simplified life in Greece.

The right-wing extremists resent his stand even more so because he comes from an old political family with long rightist and royalist affiliations. So they regard him as a turncoat infected by the germ of "socialism" that the extreme right blames on Mr Karamanlis.

Today he appeals mainly to the younger generation of New Democracy deputies and to what has come to be known here as the "enlightened right wing" which abhors a return to the outdated methods and practices of the old right wing.

Mr Averoff, on the other hand, a prolific author, confederate and farmer besides being a politician, has to his credit the masterful manner in which he converted Greece's armed forces from a docile instrument

Pope tells Africans to take part in politics

From Our Correspondent
Nairobi, May 7

The Pope celebrated Mass at an open air ceremony here today, watched by hundreds of thousands of people. He told African Christians that it was their duty to participate in political life.

Earlier, in an address to diplomats, the Pope had condemned atheistic ideology—an apparent reference to Africa's Marxist regimes—and added: "The curtailment and violation of religious freedom of individuals and communities is above all an attack on man's very dignity."

Today's open air Mass was the highlight of the Pope's 40-hour visit to Kenya. The sun shone, although torrential overnight rain had turned parts of Nairobi Park, the setting for the Mass, into a sea of mud.

The huge crowd, overflowing on to surrounding roads, which were closed to traffic, was orderly and well behaved. There was no repetition of the scenes in Kinshasa where several people were killed in a crush.

The Pope, wearing white, was assisted at the Mass by Kenyan bishops. The congregation included President Moi of Kenya and President Binaisa of Uganda.

Earlier the Pope praised African societies for their moral values. Most Africans, he said, had assumed political responsibility for their destiny. He cited Zimbabwe's independence, but said that other forms of dependence were still a threat.

"Political independence and national sovereignty demand that there be also economic independence and freedom from ideological domination. The situation of some countries can be profoundly conditioned by the decisions of other powers."

He said: "There still remain too many instances of institutionalized discrimination, on the basis of racial differences. Racial discrimination is evil, no matter how it is practiced, no matter who does it or why."



Feather in his hat: The Pope displays his African presents.

The Pope expressed concern about the refugee problem in Africa and appealed to all authorities to offer "rightful freedom" to their people, so that they do not have to go looking for it elsewhere.

At a meeting with Protestant and orthodox church leaders, he said divisions in the Christian church were a scandal to the world and dimmed the voice of the church in the mission lands of Africa.

Tomorrow the Pope travels to Accra, where he is due to meet the Archbishop of Canterbury, who is now visiting Ghana.

Last-ditch Killanin bid to save Olympics

From Michael Binyon
Moscow, May 7

Lord Killanin, the president of the International Olympic Committee (IOC), met President Brezhnev today in a final attempt to salvage the Moscow Olympics.

He flew here yesterday and had a meeting with the Soviet leader shortly before Mr Brezhnev left to attend Marshal Tito's funeral in Belgrade. Mr Ignaty Novikov, the head of the Soviet Olympic Organizing Committee, took part in the talks.

A Tass announcement said the Soviet side pointed out it had observed all the rules and regulations of the International Olympic Committee. They told Lord Killanin they were doing all they could to preserve the noble spirit of the Olympics in what Tass called the "present complicated international situation."

Lord Killanin's last-ditch attempt to avert a Western boycott includes a proposal that the Russians should play down all the political aspects of the games.

At the last meeting of the IOC executive committee in Lausanne last month, it was suggested that the games could still go ahead if there were no parades or national anthems or anything that could be seen as Soviet political propaganda.

Lord Killanin sent telegrams to President Brezhnev and President Carter, and told reporters at the time that though he could not make peace, at least he could not make things any worse than they were.

But nobody really expects that his initiative will now stop a boycott. The Russians have hinted that they would be prepared to drop some of the Olympic pomp. But they are not going to change their policy in Afghanistan, and until they do the Americans and others who have said they will join the boycott are not likely to change their minds.

The Soviet press has turned the Irish peer into a folk hero ever since he started campaigning against the boycott. But the Russians have by now realized that the 1980 games will not be a full international sporting competition, no matter what the IOC does to persuade the West to modify its opposition.

Dames for Moscow: By 48 votes to all, the Danish Olympic Committee last night decided to take part in the Moscow Olympic Games. The Danish Government gave them no directive.

By-election swing could decide Botha move

From Nicholas Ashford
Cape Town May 7

Whites in the Foursmith constituency, in the heart of the Orange Free State, voted today in a by-election regarded as one of the most important in South African history.

The result will determine not just which party will win the seat, but also the balance of power in the Orange Free State, voted today in a by-election regarded as one of the most important in South African history.

He has made it clear that he is using Foursmith as a sounding board for his programme of change based on a 12-point plan presented during the party congress in Natal last year.

Supporters of Mr Botha maintain that fear of the Nationalists performing badly at Foursmith explains why he has been adopting a more rigid political line in recent weeks and why he seems to be going back on the reformist noises he was making a year ago.

The Nationalists will lose the seat, a significant move away from the Prime Minister, to abandon the cautiously reformist stance he adopted during the first year of his premiership.

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Immortality a \$10,000 illusion

From Ivor Davis
Los Angeles, May 7

Immortality seemed a little steep to Los Angeles businessman Mr Terry Harris but he considered it an investment in the future.

When his mother, Mildred, died of cancer 10 years ago, Mr Harris paid the cash to the Cryonic Society of California so that they could embalm her body and place it in a state of "cryonic suspension."

It meant that his mother was frozen so that when scientists came up with a cure for her illness she could be thawed out and theoretically brought back to life.

When his father died, Mr Harris did the same thing and paid out another \$10,000. His parents' bodies now stood side by side, kept frozen in liquid nitrogen, in a temperature-controlled 10-ft metal capsule.

"At the time I thought it was a genuinely good chance to bring them back to life," Mr Harris said.

Not any more. Mr Harris and four other unhappy families are furious. They have discovered that the bodies of their loved ones can never be thawed out because they are decomposing in a crypt in a suburb of Los Angeles.

They are so angry that they are seeking \$10m damages from the Cryonic Society of California. The Cryonic Society is a for-profit company and the president of the two organizations, Mr Robert Nelson and Mr Joseph Klock Gether, a word-counsellor from the Orange County area.

The intriguing civil suit filed on behalf of the families by Mr Michael Worthington, a Los Angeles lawyer, claims the organizations have defrauded families members of amounts varying from \$21,000 in the case of Mr Harris, to lesser amounts. The suit also argues that there was a breach of contract since the "original" Harris contract called for his mother to be kept in "perpetual care."

Lawyers for Mr Nelson argued last week that the bodies were frozen in the Cryonic Society on an experimental basis and that when the group could not pay its bills they simply switched off the liquid nitrogen and went out of business.

Mr Worthington says several bodies have been recovered from the crypt and buried in the normal manner, although there has been as many as four more corpses in metal capsules.

"People will believe in cryonic until it's absolutely proven that they've been defrauded," Mr Worthington said. "You cannot shake the confidence of some families. They couldn't live with themselves otherwise."

World view by Arrigo Levi

The Thatcher style in brinkmanship

Mrs Thatcher's European fans—few but faithful—have followed her European performance with a mixture of uneasiness, irritation and admiration. Let us start with the admiration.

Even her foes admit that had she left Britain's budgetary problem in lesser hands, she would have got almost nothing out of her partners. By putting her personal prestige at stake, as well as by raising the anti-European mood in Britain, which did not take much of an effort, she forced her partners to recognize that they had a real problem in their hands.

As a result of all that, and in spite of her manner, Mrs Thatcher managed to get a first "final" offer of £350m of the Dublin summit, then to have it more than doubled at the next summit.

At Luxembourg Mrs Thatcher had actually already won her battle of the budget, even if at the last moment she proceeded to reject the very conditions which—as we know from impeccable sources—she had considered presenting herself as her final demand (and the others knew it).

This may have been a fatal mistake, due to an excess of self-confidence. But more on that later.

Raised spectre of withdrawal

By transforming her self-created vulnerability into strength she made it clear that she just could not be bought off with some little money.

Her manner at the Dublin summit were infuriating, which did not help. Even her admirers do not fall into the fallacy of believing that she got what she got thanks to her nagging.

This only increased resistance to her arguments, which were seen as firmly, but more gracefully, her case could have won quicker acceptance.

But even if her tactics can be faulted, her strategy was right. She not only raised the spectre of Britain leaving the Community (anyway, the danger would have been as serious if she had behaved weakly), she made that danger concrete, by announcing a serious world crisis, and crisis of the Atlantic alliance, made her partners desperately anxious to keep Britain inside the Community and to avoid a major European crisis as well.

This was brinkmanship on a grander scale than Europe had witnessed since de Gaulle. Simultaneously, she brought Britain fully, and for the first time, into European political cooperation. Mrs Thatcher's entry into the Community, she finally forced her partners to reconsider all the Community's strategies, policies and structures: a long overdue exercise.

Let me first indicate what was Mrs Thatcher's foremost achievement, for Europe as well as for Britain: by de jure responding to the request for the entry into the Community, she finally forced her partners to reconsider all the Community's strategies, policies and structures: a long overdue exercise.

At Luxembourg she not only wrenched a huge monetary offer from Giscard and Schmidt, she also got their agreement to a global negotiation, leading to a general reform of the Community. This was quite a success for a newcomer to Europe: the lone girl, battling against a bunch of tough grown-up men, had achieved victory.

But she then decided not to claim victory and to hold out for the outcome of French and German flesh and blood. She may in the end get it. But was it worth it?

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Second killing in Iran anti-Anglican vendetta

From Tony Allaway
Tehran, May 7

A relentless vendetta against the leaders of the Anglican Christian community in Iran has claimed its second life.

The body of 24-year-old Bahram Deghahi-Tafri, son of the Anglican Bishop of the Middle East, was found in the front seat of a car in north Tehran yesterday. He had been shot in broad daylight in the head and chest.

Police who reconstructed the killing said it appeared that Mr Deghahi-Tafri was driving from Damavand College in north Tehran, where he was a part-time lecturer, to central Tehran, where he also worked with an American television network covering Iran.

Only the day before, Mr Deghahi-Tafri had anxiously told fellow journalists of attempts to break into his house that evening after three power had been deliberately turned off. He had also reported receiving a series of mysterious telephone calls.

His father, Bishop Bahram Deghahi-Tafri, is in Cyprus, which is part of his diocese. But the rest of the family have been barred from the country by Revolutionary Guards.

The bishop's wife, Margaret, was told of the murder when she was visiting another victim of the vendetta, the bishop's secretary, Miss Jean Waddell. Miss Waddell was shot and seriously injured six days ago in an attack at her Tehran flat.

One night last October Mrs Deghahi-Tafri was herself shot in the wrist and her husband narrowly escaped death.

The Anglican community has come under steady attack since last year's revolution. Its first victim was an Iranian priest in the southern city of Shiraz, found strangled after the anti-Shah uprising there.

Despite repeated assurances from the Government and even one from Ayatollah Khomeini about the respected position of Iran's Anglicans, hard core of Islamic fundamentalists has gradually taken over the hospital and school for the blind on the Anglican compound in Isfahan.

The mainly British senior medical staff were ordered to leave, and the church's accounts were taken over and missionary activities ordered to stop.

Canterbury plea: Dr Runcie, the Archbishop of Canterbury, called on President Bani-Sadr yesterday to protect religious minorities in Iran.

Ayatollah backs move to restore President's power

From Our Correspondent
Tehran, May 7

Ayatollah Khomeini tonight appeared to have given his blessing to an attempt at a political comeback by his hard-pressed President, Abolhasan Bani-Sadr.

Officials at both the ayatollah's home in north Tehran and the President's office confirmed that Mr Bani-Sadr had been given leave to appoint the country's first prime minister since last November.

From the tone of statements by the President over the last few days the appointment would herald an attempt to redress the political defeats he has suffered in recent weeks, and restore control of the country to a single central government.

Officials at the ayatollah's home said he had agreed to all three points Mr Bani-Sadr had put forward in a letter to the revolutionary leader. There were: The appointment of a prime minister with the approval of the ayatollah; guarantees that the state media would "act in the national interest";

It has been clear from recent events that the President, although commander-in-chief of the Iranian armed forces, has not been able to enforce all his orders—for instance, during the recent campus violence and in the fighting in Kurdistan.

It was perhaps no coincidence that a statement by four prominent personalities, including leading clergymen, in the press today gave a warning of provocations "by some who falsely claim to be following the revolution and the man (Ayatollah Khomeini)."

One of the signatories, Sheikh Ali Tehrani, a Mashhad cleric, has previously accused religious figures leading the Islamic Republican Party of trying to seize power for their own ends.

Dr Obote challenges ban

From Our Correspondent
Nairobi, May 7

Dr Milton Obote, the former Ugandan President, said in Dar Es Salaam today that he would return to the country on May 27 to resume the leadership of his Uganda People's Congress Party. They would defy the ban on party campaigns recently announced by President Binaisa of Uganda.

The Congress, Dr Obote said, insisted that the purported ban was unconstitutional.

President Binaisa has warned that the Ugandan police have

39 drown on way to wedding

Delhi, May 7.—A boat carrying wedding guests capsized today when the passengers started dancing, and 39 of the 56 people on board were drowned.

The accident occurred on the Narmada river, about 300 miles north of Bombay. The boat was carrying a party of people to the home of the bride for a Hindu marriage ceremony. The bridegroom was among the 17 people rescued.—UPI.

OVERSEAS

Mrs Bandaranaike withdraws from inquiry into her rule

From Our Correspondent Colombo, May 7

Mrs Sirimavo Bandaranaike, the former Prime Minister of Sri Lanka, announced today that she would take no further part in the proceedings of the presidential commission which is examining allegations that she abused her office and violated land reform laws while in power between 1970 and 1977.

In a lengthy statement to the three-man commission she said she did not think she would be given a fair opportunity to exonerate herself.

She said her decision was a carefully considered response to a manoeuvre by the United National Party to force her into political exile so that it could continue to rule the country without challenge.

Other charges against Mrs Bandaranaike are that she made a false declaration to the Inland Revenue Department and wrongly prolonged her Government's emergency powers.

The investigating commission has no punitive powers but if it found her guilty it could recommend that Parliament suspend her civic rights, including the right to vote and hold public office, for up to seven years.

The commission has convicted Mr Nihal Jayewardene, the former Justice Minister, Secretary of abuse of power and suspended his civic rights.

Mrs Bandaranaike, who was cheered and garlanded by sup-

porters of her Freedom Party, said: "The whole object of the inquiry is to ascertain the truth in regard to any matter of public concern when, by reason of the existence of rumours and suspicion of illegality or irregularity, there is a crisis of confidence."

"It is absolutely essential that such an inquiry should be conducted with objectivity and fairness, free from any preconceived theories, any particular viewpoint or political bias."

"But what has happened here? The Government has in the most flagrant manner disregarded this principle. The work of investigation has been done by lawyers who have strong political ties with the United National Party and investigations have been conducted in a manner directed to falsify the partisan political proposals of the UNP."

She said that if there was a case against her she should be tried in a court. She had been answerable to Parliament while she was Prime Minister and had faced a vote of no confidence which had been defeated.

She said that the members of the commission had been chosen by President J. R. Jayewardene and not by the Chief Justice. The members held office at the pleasure of the President and could be removed by him, she added.

The commission was adjourned until May 20.

Russia sees three-way axis as a threat

From Peter Hazelhurst Tokyo, May 7

The Soviet Union has expanded its military presence in East Asia in recent years in response to what Moscow sees as a new axis between China, the United States and Japan.

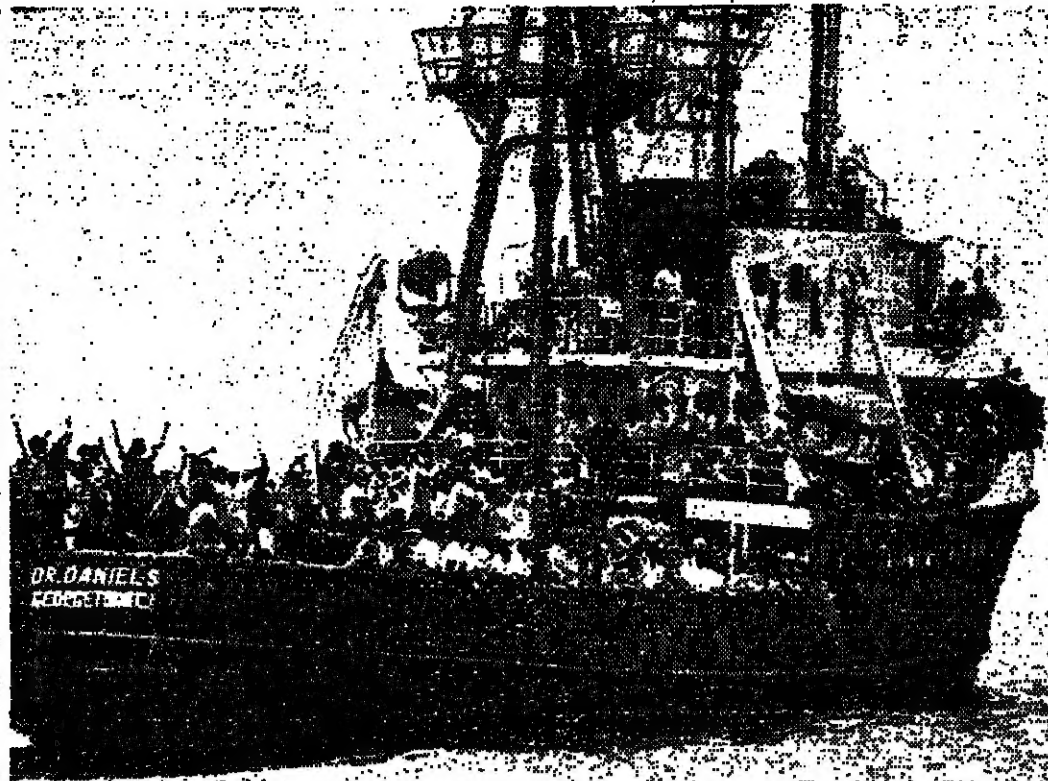
Mr Dmitri Polyansky, the Soviet Ambassador in Tokyo, claimed today.

Mr Polyansky also said that a boycott of the Olympic Games in Moscow would not in any way influence Soviet policy on Afghanistan. He was addressing the Foreign Correspondents Club.

He claimed that the Moscow Games would open on the fixed day in spite of the proposed boycott. "Our opinion is that the call for a boycott as advocated in certain quarters is dictated by desires that have nothing to do with sport and it is directed to undermine the noble Olympic games. It is doomed," he said.

Asked whether the Soviet Union would continue to build up its forces in the Pacific and Far East, Mr Polyansky said Moscow's policy of strengthening its defence capability in the Far East "should not be considered in isolation from the military and political situation in the area."

"There are some major peculiarities in the Sino-American rapprochement, the strengthening of the political and military alliance between the United States and Japan and America's growing military presence on Japanese territory," he said.



A tug carrying about 800 Cuban refugees heads for Florida.

Police blockade Seoul university campuses

From Jacqueline Reditt Seoul, May 7

Riot police blocked exits from universities in Seoul today, preventing demonstrating students from leaving their campuses.

At Hankuk University of Foreign Studies about 1,500 students broke through the cordons, but after 10 minutes of fighting, the police, using tear gas, drove them back into the campus.

Fighting between police and students broke out at three other universities. At least 10 people were injured. Two policemen were taken to hospital. Large, peaceful demonstrations were held at six other Seoul universities and at four provincial universities.

An estimated 6,000 students gathered at the gates of Yonsei, Seoul's second largest university, but riot police deterred them from trying to leave the campus.

Since March, student demonstrations in South Korea have been increasing in number and in violence. In the past three days, 19 students have been de-

tained by the police and a further five are being sought for questioning.

The police say they are holding the students until they can find out if the recent demonstrations have been instigated by "outside elements".

They have not said whether criminal charges will be brought against the students, although they could be charged with violating the martial law decree imposed after the assassination of President Park last October, and which restricts public meetings.

The students want the immediate lifting of martial law, freedom of the press, free labour unions, an end to enforced military training for undergraduates and the resignation of university staff who were closely linked with the Park regime.

Dr Kim Ok Gill, the Education Minister, has reduced on-campus military training, but has warned students that they will cause chaos if they do not give the Government more time.

Ugandan elephants face extinction

From Alan McGregor Geneva, May 7

Ivory poachers using automatic weapons have reduced Uganda's elephant population—formerly one of Africa's finest—to a level where it is in imminent danger of extinction.

This is the conclusion of a survey carried out last month and in March by a team led by Dr Iain Douglas-Hamilton of the International Union for Conservation of Nature (IUCN), whose headquarters are at

Cland, on Lake Geneva. They found poaching, which became widespread during the Amin regime, continuing unabated.

The number of elephants in their two former strongholds, the Rwenzori and Kabalega Falls national parks, has fallen dramatically. In the former it is 150, compared with 3,000 in 1972, in the southern sector of the latter it is 160, compared with 9,000 seven years ago.

Only in the north—of Kabalega, with some anti-

poaching patrols still operating, is the position less critical: 1,200 elephants remaining from 5,000 in 1973.

Mr Douglas-Hamilton found most of the surviving 150 elephants in Rwenzori clustered around the park ledge.

In both parks, the team logged a ratio of two dead elephants to every live one. They estimated that in southern Kabalega three-quarters of the surviving population had been killed within the last 12 months.

Girl refugee dies after sea rape

Bangkok, May 7

A 16-year-old Vietnamese refugee girl has died in hospital at Songkhla, Thailand, after reportedly being raped over seven days by Thai fishermen.

The fishermen had taken in tow the boat in which the girl was travelling with her three brothers and 12 other refugees. Police said five other women had been raped by the same fishermen.

Jailed Briton awaits verdict

Beirut, May 7

Mr Peter Sainsbury, a British businessman, held in jail in Beirut for two and a half years without sentence, expects a final verdict on May 20 in his case involving charges of a \$6m (£2.6m) bank fraud.

Mr Sainsbury, charged with fraudulent bankruptcy, was arrested on September 30, 1977. He has maintained his innocence.—Reuter.

Thais urged to let Khmer Rouge supplies pass

From Neil Kelly Bangkok, May 7

Supplies for forces of the deposed Khmer Rouge government, now preparing for an intensified guerrilla offensive against the Vietnamese, will be an important but embarrassing topic during talks between Mr Rong Huu, China's Foreign Minister, and the Thai Government.

Mr Huang, who arrived in Bangkok tonight, would like Thailand to allow supplies for the Khmer Rouge to pass freely through its territory, but Thailand is not likely to lift its ban on that traffic.

It has repeatedly rejected Vietnamese charges that it is letting supplies through. The Thai Army officers and Khmer Rouge officials say weapons and other supplies are passing through Thailand.

The Thai Army appears to be doing its best to block supplies, but its soldiers are too few to police the entire border, which in places runs through mountains and heavy jungle.

Khmer Rouge groups near the Thai border are displaying a

variety of new Chinese goods, including green army uniforms, boots and shoes, medical supplies, hospital equipment and radios.

New weapons are less obvious, but guerrilla leaders say supplies of light weapons and ammunition have improved recently. They also say some are being bought in Thailand with money from a Bangkok bank account which is regularly replenished by the Chinese Government.

Khmer Rouge fighters and people under their control appear to be better off for food, clothing and other necessities than for a long time. There are now few cases of malnutrition, although malaria is still rife. More than 2,000 tons of food a month are being supplied to Khmer Rouge groups by international relief agencies on the Thai border.

Military observers say that renewed fighting will make the Khmer Rouge formidable foes for the Vietnamese and their Kampuchean allies during the coming rainy season.

Hongkong official to study 'Countryman' methods

From Richard Hughes Hongkong, May 7

Mr Gerry Barknett, the director of Hongkong's Independent Commission Against Corruption (ICAC), will visit London later this month to study the methods used in the British investigation into alleged criminal activities by London policemen.

Like the British operation, codenamed "Countryman", the Hongkong commission conducts independent inquiries into allegations of corruption against local policemen.

There is growing evidence of hostility towards the commission by the Hongkong police.

Last month, four senior ICAC officers were arrested at gunpoint, publicly searched by airport security police and accused of trespass in a restricted area of Hongkong airport.

The officers were correctly wearing valid security passes. The incident is being investigated by an assistant commissioner of police, but there have been angry public demands that the inquiries should be handled by an independent body.

The ICAC investigators believe that they have now smashed police corruption syndicates in Hongkong and are concentrating on other government departments.

Help for rare birds ends in fire disaster

Mio, Michigan, May 7.—One person died, a dozen houses were burnt down, a thousand people evacuated and 18 square miles of forest destroyed near here yesterday—all to give a bird a nest.

The rare Kirtland Warbler builds its home in pine cones which have been opened by the heat of forest fires.

The state forestry service starts fires every year to ensure it a nesting place. However, this year's blaze went out of control and continued for two days before being extinguished last night—Agence France-Presse.

Princess's visit to Malaysia ended by illness

Kuala Lumpur, May 7.—Princess Margaret today cut short her visit to Malaysia because she and members of her party were suffering from stomach upsets, a British High Commission spokesman said.

The Princess, who arrived on Sunday from Singapore for a five-day visit, cancelled the last part of her programme on medical advice and was returning to Singapore earlier than scheduled. Princess Margaret, who has also visited the Philippines during her tour, had been due in Singapore tomorrow—Reuter.

15 nations seek to control exploitation of Antarctic

Canberra, May 7.—Fifteen countries today began a meeting to work out how to conserve the Antarctic Ocean's living resources in the face of increasing numbers of fishermen in the region.

The two-week conference is expected to set up machinery to regulate commercial exploitation of the marine life to prevent over-fishing. Australian officials said.

As a first step, delegates will probably approve the establishment of a commission to make a scientific study of fish and bird life in the region and to assess the impact of commercial fishing.

Conservation groups have expressed concern that growing exploitation of the Antarctic krill, a high protein fish, could have disastrous consequences for whales, penguins and other creatures.

The meeting is being attended by East and West Germany and the 13 Antarctic Treaty members: Argentina, Australia, Belgium, Chile, France, Poland, South Zealand, Norway, Spain, South Africa, the Soviet Union, Britain and the United States.

Mr Morris Busby, the head of the American delegation, told the opening session that an agreement at the meeting would not result in the automatic implementation of conservation measures. The United States would press for interim measures.

Mr Yuri Rybakov, the chief Soviet delegate, said conservation measures were needed, while allowing rational exploitation of the resources.

More overseas news, page 16

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LLOYDS BANK

Vienna: crisis and magic

Fin-de-siècle Vienna

Politics and Culture

By Carl E. Schorske

(Weidenfeld & Nicolson, £15)

A Nervous Splendour

Vienna 1880-1889

By Frederic Morton

(Weidenfeld & Nicolson, £15)

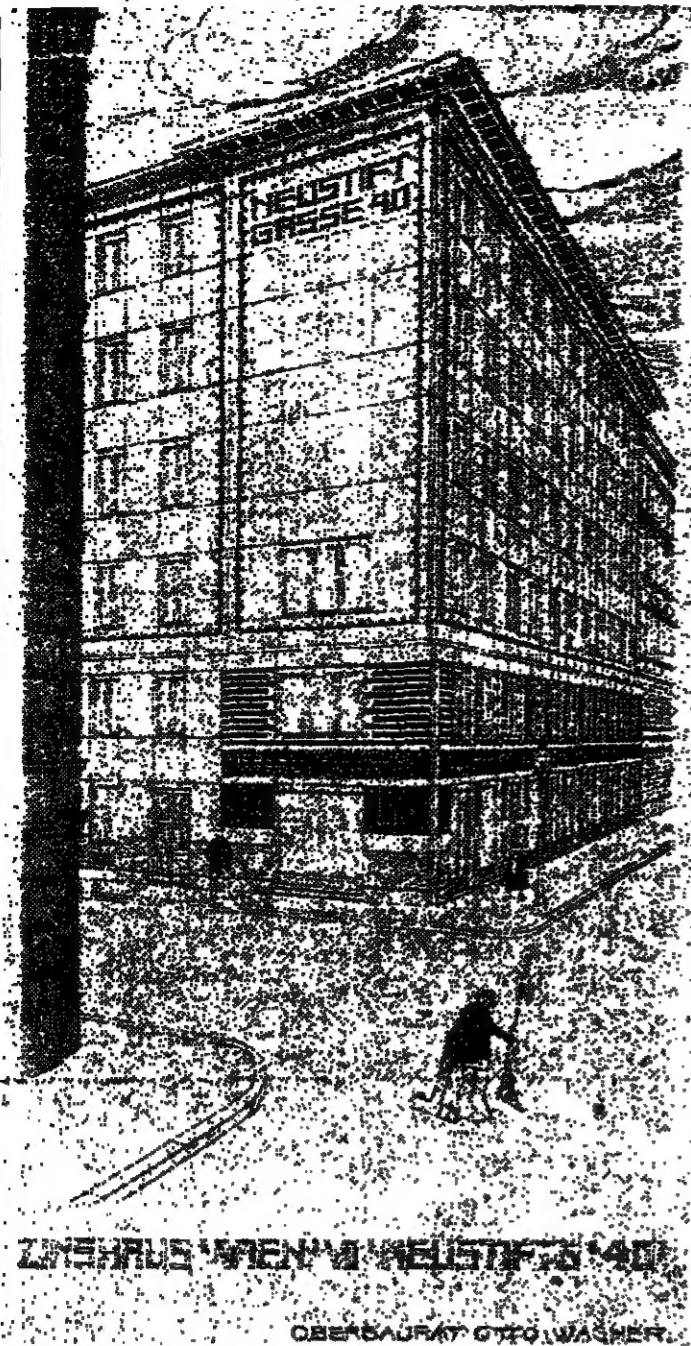
Carl Schorske is a distinguished American scholar (Princeton, Wesleyan, Berkeley) and *Fin-de-siècle Vienna* is a collection of seven long essays, four of which have appeared in American learned journals over the last 20 years. It begins with the confident celebration of liberal culture and political power in the laying-out of the Ringstrasse and follows the collapse of both culture and power as far as Schönerberg's reorientation of the Western sound-world and rejection of art as corrupter of truth after the First World War. By then Austria was a republic, and rather small.

It is not quite a real book. Minor, unrelated repetitions and the virtual absence of major figures like Mahler, Schiele, Rilke and the Social Democrats Viktor Adler indicate that it was never planned as a comprehensive survey, but nobody in Britain could read Schorske's seven selective chapters, particularly those on the urban planners (Camillo Sitte, Otto Wagner), the new political leaders (Georg von Schönerer, Karl Lueger, Theodore Herzl) and on Gustav Klimt, without learning an enormous amount that he did not know before. Above all, how it was that the interpenetration of culture and society of private crisis and public life, has never run so creatively and so disturbingly deep as in the last fifty years of Imperial Vienna. The decline of rational man and the place of the individual in a disintegrating order, are his overriding themes.

They are Frederic Morton's chief themes. Mr Morton—author of *The Rothschilds*, also American, born in Vienna, with Viennese grandparents—is an unashamed scissor-and-paste man and appears to have read everyone, including Professor Schorske. He confines himself to the traumatic months surrounding the suicides of Crown Prince Rudolf and Mary Vetsera at Mayerling on January 30, 1889, and for every living, breathing, and moving moment, when the black night his at the hunting lodge and when Bruckner takes the tram, you are there.

A *Nervous Splendour* is a thoroughly flashy and vulgar piece of work, but its energy and cheerfulness are peculiarly winning, its very facility scores some good hits along the way, and in the end I enjoyed it only slightly less than Mr Morton seems to have done. Which is, I now realise, being read both books, an exceedingly Viennese sort of thing to say.

Schorske only mentions Rudolf once, and Mayerling not at all. He places the nemesis of liberal Austria eight years later in 1897, with the arrival of the dynamic Right-Wing Mayor Karl Lueger. Politics is magic," he quotes Hofmannsthal, "and he who knows how to summon the forces from the deep, him will they follow". Schönerer, the pan-German forerunner of Hitler, knew how, but his vicious and potty pre-emptive and potty pre-emptive and potty pre-emptive brilliant Lueger learned from Schönerer's crassness and har-



Straight lines for the new face of Imperial Vienna: a tenement house by Otto Wagner, illustrated in *Viennese Architecture 1860-1930* in *Drawings*, edited by Karl and Eva Mang (Academy Editions, £15), a handsome collection of often unfamiliar material ranging from the democratic fantasies of Austria's Parliament building to the Socialist capital's pioneer public housing after the First World War. Heinz Gertsgesser and Max Peimner's still unrivalled full-length study of Wagner is now available as a paperback from Academy at £12.50.

assed popular and patrician fears into the first Catholic political force since Metetrach. His Zionist adversary Herzl was comparably skilled, and knew before most people that the unchecked tide of anti-Semitism made it imperative that Jews must be thought less about assimilation and more about saving their lives by getting out. There were, still, more rational solutions to the general unease: Otto Wagner, for instance, believed that his contemporaries were so disoriented by the speed of change that he literally furnished his interiors with devices of guidance and direction: shining stair-rails, carpets, wooden block floors laid with strips to show their brains and feet the way. Should art attempt to change society like this? Klimt began his public career by painting scenes from theatrical history on the walls of the Burgtheater and receiving personal, imperious approval, with his savage and pessimistic ambivalence of "Philosophy". Medi-

Hopefully

Travelers in Europe

By J. G. Links

(Bodley Head, £10)

This book, beautifully produced and illustrated, comprises extracts from "private records of journeys by the great and forgotten" those of 24 travellers in all. They range from the post-Horace's leisurely jaunt, punctuated by lavish hospitality, from Rome to Brindisi in the year 37 BC, which took him 13 days, to Samuel Pepys's trip from London to Scheveningen and back in 1660, which took him (with many interruptions and delays) nine weeks.

Too many place-names are missing from the maps; some of the earlier passages seem to be included more because they happen to be available rather than because of their intrinsic merits; and there is rather too much of Venice and of Venetian travellers. This last is not surprising, given Mr Links's long love affair with that city. Less easy to forgive is his omission of William Lithgow, one of the most vivid and articulate travel-writers of all time, whose journeys, recorded in his *Rare Perceptions*, fell well within Mr Links's self-imposed chronological limits. At that point, all adverse criticism must end.

Much here is familiar to travellers of all ages: criticisms of filthy inns and towns trying to lure gullible tourists to rival establishments. There met us another boat with people's names, and we asked us at what inn we meant to put up in Venice. When we told him... he began to shake his head and his hand and stood on the prow of his boat, trying to prevent our going there, and pointing out some other inn to us. He said we met with an accident, and fell from the prow of his boat into the sea. He was dressed in new clothes, and he said that this caused great laughter on board our boat. (Felix Fabri, 1480.)

A surprisingly high proportion of the travellers were referred to lodge at inns kept by foreigners, rather than trust themselves to the locals: Fabri's chosen inn was kept by a German.

From the internal evidence of their own accounts, which of these narrators would have been congenial to travellers, and which not? Horace would obviously have been fun to journey with, if one had no objection to late nights, much conviviality and potential embarrassment from his *amores* de voyage. By contrast Erasmus, for all his tell-tale letters, and which not? Horace would obviously have been fun to journey with, if one had no objection to late nights, much conviviality and potential embarrassment from his *amores* de voyage. By contrast Erasmus, for all his tell-tale letters, and which not?

I have seen many soldiers inconvenienced by the irregularity of their boots: mine and I never fall the moment of our assignment. We are seeking out of bed. We should not wonder ourselves if I have done as I grow old, by being led for this function and many others by prolongation and (asiduousness).

He rejoices in the sights that he sees, he is not a foreigner, but he anticipates Robert Louis Stevenson's hackneyed dictum by saying that he took such pleasure in travelling that he hated the very approach to the place where he was to rest. Here, and not for the first time, the great Montaigne and I part company.

By contrast, Benvenuto Cellini must have been hell as a travelling-companion. On his journey from Ferrara to Venice and back in 1535 when he was in his thirties, he was forever drawing his sword on boatmen and fellow-travellers; and at one inn, where the host had annoyed him, on the pretext of having left his slippers behind, he nipped upstairs to his bedroom and slashed the four beds in ribbons. I would have preferred the company of the two English travellers Fynes Moryson and Thomas Coryate: it is said that Coryate's more adventuresome travels being in Asia—he died in Surat, in 1617—beyond Mr. Links's geographical boundaries. There remains a great deal in this book to delight us—and to remind us of the discomfort and discomfiture of travel in these more sophisticated days.

John Young

ing a grimly fantastic tale of lurking murder. We are not here from Iris Murdoch Land.

With No Crying, by Celia Catterall (Collins, £4.50). Splendidly ingenious Londoner puzzle centring on birth, not death. Acute, funny and does the novel's work too.

Assault and Matrimony, by James Anderson (Muller, £3.95). In the respectable southern counties husband and wife murder each other. A charming and highly ingenious comedy, told deliciously dead-pan.

Death of a Favourite Girl, by Michael Gilbert (Hodder & Stoughton, £5.50). Who murdered sweet TV celebrity after the dance? A Victorian surface thoroughly described, and a classic surprise-killer.

Death and the Pregnant Virgin, by Raymond Constantine (Scribner, £5.95). Murder at cult-church in tomorrow's Norfolk. First crime novel that contains food for thought but is a trifle awkward.

H. R. F. Keating

Fiction

The Bleeding Heart

By Marilyn French

(André Deutsch, £6.50)

The Explosion of Love

By Barbara Cartland

(Hutchinson, £5.25)

The Marriages Between

Zones Three, Four and Five

By Doris Lessing

(Cape, £5.95)

Close-harmony numbers have less impact on the public now than when the Beverley Sisters gave us rumbustious vocal chords and dazzling smiles. Teddy, Babs, and Joy were lovely girls who sang ever so well. No career-making. Give me a nice close-harmony every time.

This trio of novelists slide into harmony closer than some of you might care to admit: or you might guess from the facts that they are female, writing in English, and two, at least, number their readers in millions. Doris Lessing's bizarre, complex allegory answers to more deplorable literary criteria than Marilyn French seems aware of or Barbara Cartland bothers her head with: Mrs Lessing sells her books, but she does not sell her readers.

After such knowledge, what forgiveness? concluded *The Women's Room*. Marilyn French's sensual story about victimized wives. Sound and fury are somewhat less in *The Bleeding Heart*. Dolores is less a Lady of Sorrows than a model for women aspiring to the kind of prestige and mobility afforded by a professional career. Renaissance literature, a divorcee, grown-up children, and sexuality untrammelled by outdated notions of feminine morality. In England, on sabbatical, she looks eyes with a successful American business man on the train to Oxford. They go, straight from the station, to bed off the Banbury Road.

The passionate affair, studied with survivors' tales, takes place in a pitched ideological debate which takes up the rest of the book. Dolores wrestles to reconcile the politics of body, soul and feminism. Victor (neither victor nor victim) wrestles to help her. But his passion and compassion are restricted by conventional masculinity imposed by Miss French. If politics can ruin your love life, polemics can come close to ruining an energetic novel.

The Resort by Sol Stein

(Collins, £6.25). Can a

luxurious resort on a Californian hilltop be, in fact a modern concentration camp where the unsuspecting Jewish holidaymakers are locked up, tortured, and at the slightest provocation, put to death? It is a measure of Sol Stein's success that only after I had finished the book, did I ask myself the question. Mr and Mrs Henry Brown leave their New York for a week's holiday in California, and within hours of checking into the magnificent resort in Big Sur, find their world invaded by a vicious irrationality.

The Browns feel suddenly "as though they are in a foreign country, trying to pick up the

customs", and as, step by step, fragile normality disintegrates into nightmare, we are invited—or rather impelled—to share the three assumptions on which Mr Stein has meticulously constructed *The Resort*: that man can be a pig, a vampire, a hyena; that Hitler was only one stage in the long history of a still rife anti-Semitism; and that there are differences in horsepower and will among men that turn some into monkeys and some into heroes. The transformation of a middle-aged, middle-class American into a hero provides the fuel for the book's action, and the transformation of the hero into an embittered star of the lecture circuit provides Mr Stein with his wry, downbeat ending.

Arianna Stassinopoulou

Children of Hachiman

By Lynn Guest

(Bodley Head, £5.95)

Day of the Butterfly

By Norah Lofts

(Corgi, £1.25)

This year the Historical Novel Prize in memory of George Hoyer has been won by Lynn Guest. The requirements for a successful historical novel are many, but the most important is that the reader is transported into the past into a world which is convincing in its own terms, and this Lynn Guest has done, in a most accomplished and subtle way. *Children of Hachiman* is set in twelfth century Japan, at a time when the social order which had lasted for centuries was in the process of breaking down. The novel is set for a fight to the death between two clans, the Taira and the Minamoto.

The story begins in a typically dramatic and bloody way, with a fatal killing scene. In order that a wounded man should not fall into the hands of the enemy. The child Yoshitsune, who is also present, is hurried away into hiding, and we next meet him at a school of ten, hidden in a monastery. He is a remarkable child, and to all Japanese recognisable as one of the great heroic and tragic figures in history, and legend. He is a natural swordsman, given as a boy the legendary sword of Hachiman, the god of war, which belonged to his family. He regards it as a treasure and inspiration to revenge his father's death.

From then on it is a marvelously exciting tale of Japanese derring-do, with a code of honour and a sense of duty. Yoshitsune is a brilliant general, Napoleonic in the scope of his victories (one of which is a terrific sea battle), but he owes most allegiance to his eldest half brother, Yoritomo, who despises him as the son of a concubine, and brings about his downfall.

Little is known of Yoshitsune—only five years of his life are documented in any way. The rest is legend, some

of it made into some of the most celebrated plays in Japanese literature. The author makes a very convincing account of his life, of dynastic marriages, of courtly splendour and peasant squalor of hideous execution and death. Of his love for the beautiful dancer Shizuka, of his faithful followers, notably the huge monk Benkei, a comic yet heroic figure, a warrior Sancho Quixote to Yoshitsune's Don Quixote.

It is a classic tragedy of the hero, the victim who is also the victim, a man who, after a meteoric success, is beset by his enemies and by fate, and is dead by his own hand. The transformation of a middle-aged, middle-class American into a hero provides the fuel for the book's action, and the transformation of the hero into an embittered star of the lecture circuit provides Mr Stein with his wry, downbeat ending.

Arianna Stassinopoulou

Day of the Butterfly won the 1979 George Hoyer award, and is one of Norah Lofts' cunning transpositions of a historical character and circumstances from one age into another age. A young, very pretty girl comes up to London as a nursemaid, is dismissed and sent out on the streets of London at the age of 15, with almost inevitable results. Even in mid-Victorian England, the results are not quite so inevitable: she does work in a house of ill-fame, but as a dancer, entertainer, and artist. Readers of Miss Lofts' excellent biography of Emma Hamilton will recognize the situation. The girl is passed from younger lover to older man, but he is a malign and powerful equivalent of Sir William Hamilton, and her naval lover is not Nelson, but an obscure Captain, who writes one letter and is heard of no more, leaving her to be cast out, to struggle, and to succeed. For this is not Emma but a strong and intelligent woman, of whom one would like to hear more.

Philippa Toorrey

Leaps in the dark

Great Planning

Disasters

By Peter Hall

(Weidenfeld & Nicolson, £12.50)

Planning disasters, Professor Hall observes, are of two kinds, negative and positive. A negative disaster is one in which time, energy, and resources are wasted on a scheme which is eventually abandoned or drastically modified. In a positive disaster, a project is pushed through against all opposition and only when it is too late to see to have been misconceived.

Professor Hall also makes it clear that, for the purposes of his book, the term planning embraces a great deal more than what town hall bureaucrats get up to over their coffee cups. The case histories he cites have national, even international, dimensions and involve the expenditure of vast amounts of public money.

Of these five case histories

the first two are negative and close to home; namely the still unresolved saga of London's third airport, and the long controversy over a new motorway system for the capital. The third, negative and positive, is the story of Concorde. To think that its makers once expected to sell 400 aircraft and to spend more than £150m on research and development! In the end they, or rather we, spent some £2,000m and sold a mere nine aircraft to the reluctant state airlines of Britain and France.

The next two tales are less familiar and serve to demonstrate that it is not only the Brits who are capable of horrendous mistakes. The much admired super-technological Bay Area Rapid Transportation System (BART) was built on the premise that it would woe Californians away from their fuddly old automobiles. It did not. As for the Sydney Opera House, its cost of construction rose even more drastically

than that of Concorde, from £7m to £102m. That much of the money was raised from lotteries may help to console Australians for the fact that they now have the smallest theatre opera house in the world.

All five disasters are admirably chronicled, together with two "near disasters": a university expansion programme in California, based on wild overestimates of demand, which was happily averted in time; and the proposed destruction of a swathe of Bloomsbury to make way for a new British Library.

But two thirds of the way through, the Professor stumbles into what he warns us are deep waters. He emerges from his overall analysis with no very convincing conclusions or recommendations. Planners, he suggests, should try to calculate the probability of total failure. But, as he concedes, sometimes a leap in the dark is needed.

John Young

(marvellously described) for little reason, that when the boy is by a stretch of coincidences kidnapped Tom can rescue him single-handed. Yet my belief never faltered. The book kept me from my desk, following in a minor key Tom's message to "lose" of duty and expectation. It kept my wife from her pillow, which takes some doing.

It works so well because supremely Highsmith, echoing Ripley, lets her story tell itself. She never seems to say "I that never failed. The book kept me from my desk, following in a minor key Tom's message to "lose" of duty and expectation. It kept my wife from her pillow, which takes some doing.

Sweet Adelaide, by Julian Symonds (Collins, £5.95). Classic Victorian (new sub-genre). Mrs Bartlett's Victorian life and baffling murder reconstructed in writing often sharp with a poet's poise.

Skinflint, by Joseph Hansen (Faber, £5.95). California porno-baiter murdered. Sam Spade surrogate conducts interview, that pointedly and vividly present a world and comment with rare perceptiveness on "respectability". Read this.

The Lake of Darkness, by Ruth Rendell (Hutchinson, £5.50). In strong London set-

ting a grimly fantastic tale of lurking murder. We are not here from Iris Murdoch Land.

With No Crying, by Celia Catterall (Collins, £4.50). Splendidly ingenious Londoner puzzle centring on birth, not death. Acute, funny and does the novel's work too.

Assault and Matrimony, by James Anderson (Muller, £3.95). In the respectable southern counties husband and wife murder each other. A charming and highly ingenious comedy, told deliciously dead-pan.

Death of a Favourite Girl, by Michael Gilbert (Hodder & Stoughton, £5.50). Who murdered sweet TV celebrity after the dance? A Victorian surface thoroughly described, and a classic surprise-killer.

Death and the Pregnant Virgin, by Raymond Constantine (Scribner, £5.95). Murder at cult-church in tomorrow's Norfolk. First crime novel that contains food for thought but is a trifle awkward.

H. R. F. Keating

Crime

The Boy Who

Followed Ripley

By Patricia Highsmith

(Heinemann, £5.50)

The novel is a reconstruction of life, the crime-cove of life involving a crime. Odd then that most often the greater likelihood of the greater success of the book, provided (dread proviso) there is no toppling from the taut wire into total incredibility. The careful plodder produces the plodding book. Patricia Highsmith is about as far as you can get from plod.

Her fourth adventure with her amoral, delightful, psychopathic Tom Ripley asks us to believe he would pledge himself to a young American because he thinks the boy too is a murderer, that he would whizz him off to Berlin

ing a grimly fantastic tale of lurking murder. We are not here from Iris Murdoch Land.

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ENTERTAINMENTS

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MUSIC WEEK AT THE WELLS

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ALDEBURGH FESTIVAL 6-22 June

ST JOHN'S, Smith Sq. (1221 1001)

THE WOLFE TOWN HALL

MY FAIR LADY

A MARVELLOUS SHOW

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PARLIAMENT, May 7, 1980

A premature drop in MLR would hinder fight against inflation

House of Commons

To reduce minimum lending rate prematurely would risk undermining the Government's policy of bringing down the rate of inflation, Sir Geoffrey Howe, Chancellor of the Exchequer, said in moving a Government motion to take note of the White Paper on the Government's expenditure plans for 1980-81 to 1983-84.

He also stated that the economy should be capable of growing faster than the 1 per cent a year set out in the White Paper. Sir Geoffrey Howe (East Surrey, C) said the Government had made clear on many occasions that it was necessary to reverse the hazardous growth of public spending and to bring down that level.

The Treasury and Civil Service select committee had offered some criticism of Government for not providing a sufficient basis of information for reasonable judgments to be made about the Government's policy. He believed the Government had gone a long way towards providing just that information. This was the first time that the Government had set out its monetary and fiscal plans for a number of years.

He warned against undue preoccupation with prediction. Forecasts were very uncertain. They were subject to huge margins of error and could not at best be more than speculative.

The overriding priority of the Government was to reduce the rate of inflation.

Inflation was bad for growth and employment; it inhibited investment and consumption; it got it down, there could be no prospect of a return to comparative economic stability or a return to the prosperity of the 1950s and 1960s.

The main anxiety that seemed to come from most critics was that the Government's planned spending requirements were too severe but that they might not be ambitious enough.

If growth on the modest scale suggested was not forthcoming, then even the reduced spending programme could be unsustainable.

It was the view of the Government that the assumption of 1 per cent annual growth after 1980 on which the illustrative prediction in the Red Book was based could properly be described as deliberately cautious.

We expect the British economy to be recovering from recession from 1981 onwards. Over this period, the rate of growth of the economy would be about 2 per cent a year.

So the economy should certainly be capable of growing faster than the 1 per cent figure set out in the public expenditure White Paper.

Even if GDP did not grow at the assumed 1 per cent there was room for manoeuvre, and the modest and reducing plans for public spending which the Government put forward were compatible with that.

The Government might not be right in its view that its policies would secure a major transformation in the aggregate financial requirements of the nationalised industries over the four-year period.

He hoped that the House would agree that that transformation was highly desirable because the nationalised industries accounted for 10 per cent of GDP.

The Government's policies were directed towards securing lower interest rates. That was why it had acted firmly to hold back public spending and reduce public sector borrowing. They could not expect a return to the money supply was firmly under control.

In practice the money supply was coming under control and interest rates had come down a little. Figures published earlier today showed that the rate of growth of the money supply over the past 10 months had fallen to an annual rate of some 10 per cent and in the last six months it was something less than that.

The figures were encouraging and showed that the policies to

reduce money supply growth were working. The well-kept market had demonstrated in recent weeks its confidence that the Government's policies would bring down the rate of inflation and with it interest rates.

They had sold substantial volumes of gilts, and longer-term rates had fallen. But it would be incautious of the authorities to follow them too quickly with a reduction of MLR.

Details of these figures were not yet available. Although the figures were encouraging they would not be sure of the position until it was clear that current interest rate levels were restraining the excessive rate of growth of bank lending in recent months.

To reduce MLR prematurely would risk undermining the Government's policy to bring down the rate of inflation. They might be faced with the prospect of having to increase interest rates later in the year which would be damaging to industry, home-owners and consumers.

He recognized the difficulties of those companies that were producing goods and services which were in competition from overseas in the home and export markets but, in the great majority of cases, the most effective action to help companies still rested with the management and their workers.

In the short run, as they adapted to relatively poor prospects for the world economy in the present year, they might be faced with the prospect of higher interest rates. But fundamentally they had to become more competitive and keep unit labour costs under better control.

We cannot (he said) go back to the sort of institutionalized incomes policy whose backwash is a reduction in the productivity of public finance. We cannot get away from the issue of pay.

If negotiators on both sides will recognize the inevitable constraints on the money supply, and if they themselves accept an inescapable condition for controlling inflation and the effects of the world economic situation, then the Government's policy will improve substantially.

More quickly and effectively, and the Government will have been laid for the durable reduction in interest rates which the company sector wants and needs.

It is part of the Government's policy to reduce inflation by reducing inflation. It is a firm monetary policy which is designed to bring down inflation and adjusting their behaviour accordingly.

In its part, the Government would do everything in its power to seek to ensure that moderation in public sector pay contributed to a gradual lowering of inflation. Monetary control bit on some parts of the public sector in some ways as it did on the private sector.

No one should doubt the Government's determination to make that discipline bite. He hoped and believed they could count on the support of the House in their efforts to achieve moderation in pay bargaining in the public sector.

The Government had made clear its determination to bring down the rate of money supply, to reduce inflation and pursue policies to achieve that aim. That was the message of the medium-term financial strategy.

He had no doubt about the success of the strategy. Success would come more quickly and with less pain if decision makers throughout the economy worked with the grain of that strategy.

It was not Government policies that were threatening or destroying jobs. It was the fact that the rate of growth of the money supply was too high. There were some signs of realism appearing but how quickly there could be a return to higher output and employment would depend on that.

The figures were encouraging and showed that the policies to

Government's spending cuts unnecessary and leading to higher cost of living

Mr Denis Healey, chief Opposition spokesman on Treasury and economic affairs (Leeds, East, Lab), moved an amendment rejecting the Government's expenditure plans for 1980-81 to 1983-84.

He said that when the Prime Minister discussed spending policies in public he tended to say: "We must cut public expenditure because people must be free in this country to choose how they spend their money." But the people were free to choose last Thursday and they chose public expenditure at the expense, if necessary, of increases in interest rates.

People were not prepared to see the standard of public services reduced even if they had to spend more money or order to keep them up to standard.

The Chancellor's failure to control money supply was due to the high level of corporate borrowing and the high level of public borrowing. He was having to borrow too heavily to finance pay increases and the high level of public borrowing was entirely the result of the Chancellor's fiscal and economic policies.

Public spending on benefits went up by £100m for every 100,000 extra people on the dole. The Government's expenditure policies were creating a problem which was almost entirely in housing. To take the following three years, all that the House was presented with was a series of empty boxes. They had not the slightest idea how these cuts in housing expenditure would be achieved.

The cost of the Chancellor's policies was having to cut public expenditure heavily simply to stand still.

If the Government stuck to the plans in the White Paper on public expenditure there was no chance whatever of the feeble return in economic activity which the Government had forecast.

The Select Committee was told that manufacturing output would fall 6 per cent over the next four years and that output from the North Sea would be only half a per cent of gross domestic product each year. The world out-

look was gloomier with every month that passed.

The result was that the increase in output of the services, the only other item in economic activity beyond public expenditure, was not enough to produce the turn-around in output forecast by the Chancellor in his public services.

There must be higher public expenditure and a higher public sector borrowing requirement if it was to be possible to get output back to the level at which the Chancellor found it when he took office in 1976.

Even if judged by the standard the Chancellor set for it, the White Paper would survive even the most gentle scrutiny.

The main criticism made by the Select Committee on the Treasury and Civil Service could not be denied and the Chancellor did not attempt to deny it. There was no breakdown by category of public expenditure plans over the coming four years, so it was impossible to judge the economic effect of the cuts in particular programmes.

It was all the difference in the world whether housing cuts were achieved by raising rates, which had an immediate effect on the cost of living, or by cutting housing expenditure, which had an immediate effect on employment.

There were additional cuts in the White Paper this year which were almost entirely in housing. To take the following three years, all that the House was presented with was a series of empty boxes. They had not the slightest idea how these cuts in housing expenditure would be achieved.

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Mr Mugabe seeks to reassure foreign investors over profits

From Frederick Cleary Salisbury, May 7

Mr Robert Mugabe, the Prime Minister, sought to allay the fears of foreign investors and encourage them to reinvest money in Zimbabwe today when he said it was not his government's intention to stop business profits leaving the country.

He was clarifying a speech he made earlier in the week in Bulawayo which had caused concern among businessmen.

In Bulawayo Mr Mugabe had said that while foreign investment was welcome the majority shareholdings must remain inside the country and profits must be reinvested.

Immediate reaction in the business world was one of great concern, the view being that if this was government policy, then foreign investors would be reluctant to put money into Zimbabwe which is earnestly seeking foreign capital.

Mr Mugabe told the Chamber of Mines at its annual meeting today: "I would like to allay fears that have arisen in certain quarters from my reference to investments when I opened the Trade Fair in Bulawayo."

"I would like to stress that the key word in my address was persuasion and not compulsion. It is not the government's intention to legislate against repatriation of profits but rather to invite investors to join in the spirit of our Zimbabweanization programme."

"The best way for them to do this, in my opinion, would be for the level of profit reinvestment to be increased to the level we have experienced in the past."

Mr Mugabe went on to tell the mining industry that his government had no intention of making any changes in mining legislation or control in Zimbabwe at this stage. In future changes may be necessary but not change for the sake of change. Any such change would be in order to ensure that government policies are in line with the betterment and welfare of "masses".

Mr Maurice Nyagumbo, the Minister of Mines, said the value of mineral production to the country was \$35m (Zimbabwe dollar) or \$21m (sterling) should be increased this year to about \$27m.

Meanwhile, the strike by about 4,000 miners at the Wankie colliery continues with workers demanding a two dollar a day rise. Mine officials have declared the strike to be completely unacceptable.

Mr Mugabe said the mining industry that his government had no intention of making any changes in mining legislation or control in Zimbabwe at this stage. In future changes may be necessary but not change for the sake of change. Any such change would be in order to ensure that government policies are in line with the betterment and welfare of "masses".

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Mr Mugabe: Calming fear of business community.

What was more change would only be made after careful consideration and full consultation with the industry. The Prime Minister said that report which had originated outside the country... that the Zanu (PF) Party planned to take 35 per cent share in all mine and that workers' committees should run the mines.

"I categorically deny any such policy is contemplated by my government", he said. Mr Mugabe said the mining industry was regarded as one of the essential ingredients of the foundations on which the country was built and from which the economic and social aspirations of the people of Zimbabwe would be moulded.

He was determined to demonstrate to the world that a multi-racial society could be motivated to contribute collectively to the welfare of the state.

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Scotland in need of foreign investment

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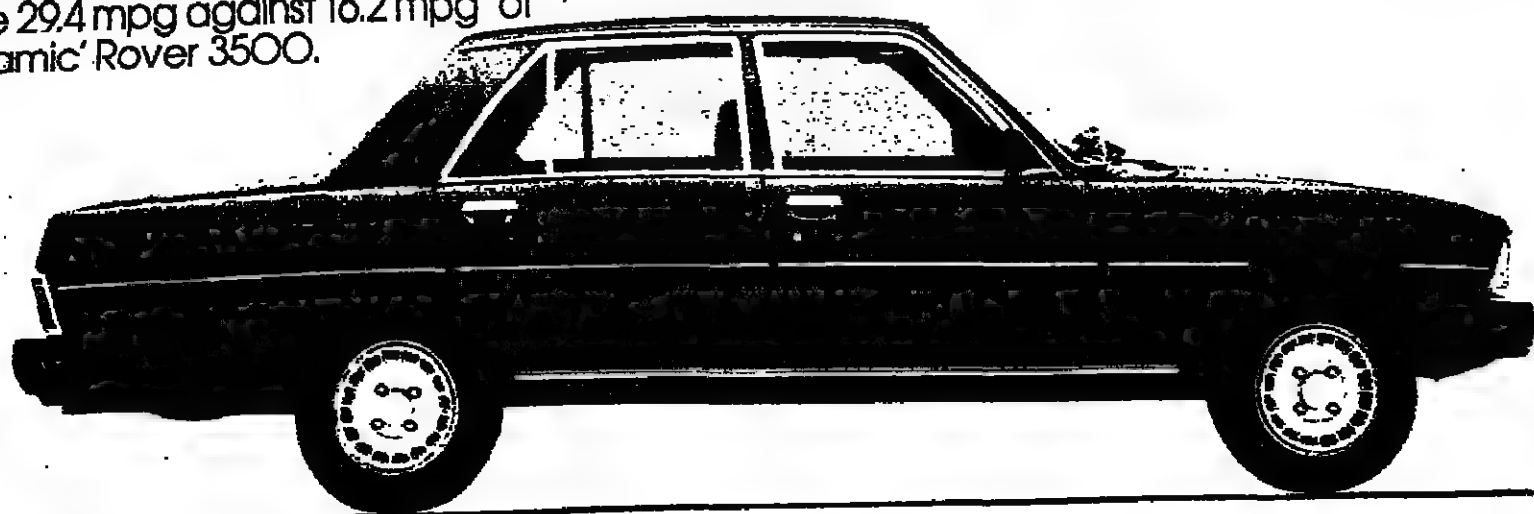
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Ronald Butt

Give the schools back to the people

What Mr Carlisle proposes is to allow a comprehensive monopoly and call it stability

Mr Mark Carlisle, the Secretary of State for Education, has relieved Highbury Grove School, with whose case readers of this column will be familiar, from destruction at the hands of the Inner London Education Authority. No doubt his decision was received with less than enthusiasm by the officials of Mr Carlisle's department, most of whom feel hardly more affection for the ethos of this disciplined and academically traditional school than do their contacts in ILEA. Still, Mr Carlisle could hardly, I suppose, have acted differently with Dr Rhodes Boyson, the former headmaster of Highbury Grove, sitting at his elbow as Parliamentary Secretary.

By agreeing to the ILEA proposal for closing the under-subscribed neighbourhood school with which, in effect, Highbury Grove would have been amalgamated, the Secretary of State has made it difficult for ILEA to find a pretext on which to produce some other proposal for the closing of the school in the near future.

Yet if the 26,500 local people who signed a petition to save Highbury Grove are satisfied, the same can hardly be said of 67,000 people of Tameside who, in a door-to-door canvass expressed a wish to retain the grammar schools of their area (there are three comprehensives as well there) against the wish of the Labour authority to abolish them. The Tameside grammar schools were, it will be remembered, revived by the last Tory local authority in the teeth of the then Labour Secretary of State, and the local authority was upheld in a series of court actions up to the House of Lords.

Now, however, Tameside is Labour again, and the local authority proposes a return to a completely comprehensive system to which Mr Carlisle has felt it his duty to agree. Perhaps, by reference to recent history he had no real alternative since the courts which had upheld the rights of a Tory local authority against his Labour predecessor would no doubt have upheld a Labour authority against him.

However, force majeure is not the official justification for Mr Carlisle's decision, which would be more acceptable on these grounds than the more sophisticated defence of the decision which is actually offered. This opens up in a most alarming way the whole question of educational responsibility. The basic premise of the defence is that if a party fights a local authority specifically on the proposal to go comprehensive and wins, it cannot be right for the central government to go back on its word—and that it would be particularly wrong for a Tory government to do so, with its belief in local responsibility, to do so.

Since Tameside Labour fought on the issue and won, the verdict of the local electorate (so the argument runs) has to be respected, and if anyone argues that 67,000 Tameside signatures are more than 26,500 Highbury signatures, the reply will be that the two cases are quite different. In Highbury, the question was simply whether a particular school wanted by parents should be saved; since the school is already comprehensive, the educational structure was not in question and there had been no election in which it was a specific issue, as was the case in Tameside.

Yet the Tameside decision is bound to make Tories in office a little uncomfortable, and Mr Carlisle sought escape from his discomfort by making a plea in the House of Commons for a "period of stability" among local authorities choosing school systems.

He expressed the hope that in areas where the party in power changes regularly, there should be agreement to a system of education which neither party attempted to change at each election.

Now this would be all very well and good if there were any sign of willingness on the part of Labour "comprehensiveists" to compromise (as they might, indeed, do an existing mixed system in Tameside) but there is none. So in practice the price of stability is acceptance by Conservatives of a movement along a one-way route towards a wholly comprehensive system to which those who disagree are allowed to resist, even when they are in a majority. To adapt a phrase, what Mr Carlisle proposes is to allow a comprehensive monopoly and call it stability.

For if stability is to mean anything more than that, he ought to say that if there is no compromise on Tameside, and if a victorious Tory local authority wished to reverse matters, a Tory Secretary of State would support it. His refusal to support the

Tory authority in Bexley in changing the split-site comprehensive Erith school hardly suggests that this is his way of looking at it at all.

The truth is that on this question of school structure, the Tories in office, by and large, have no convictions, and little interest. They know that very many and perhaps most of their supporters do not like things as they are, but they find it politically awkward to do anything about it. By and large, most Conservative politicians, once they are sufficiently far up the ladder, send their own children to public schools and are happy to hand the rest over to the prevailing education lobby. Even in their own narrow interest, this is short-sighted.

It hardly adds conviction to their own proposal for a tiny element of choice in places at "selective" independent schools if they allow the extinction of all selection, even where there is local demand for it, in the public sector.

What is required is the independence of state education from party politics in which school structure is seen by the Labour Party as an integral part of their political objectives.

It is tempting to see a possible solution in the argument which Dr Rhodes Boyson has repeatedly put forward suggesting a return of education to something like the old locally elected school boards which were established at the outset of state education in 1870, and which were given powers to levy rates, build schools, provide teachers and assist in maintenance.

In 1902, the Balfour Act reorganised education on a municipal basis, swept the school boards away and replaced them by the borough

councils—effectively, the local education authorities—which provided much more for education financially and organisationally, but made it, in the long run, a tool of party politics. But if education were again under the control of boards elected by voters on a specifically educational platform that would enable public opinion to be much more clearly represented.

For at present, even when education is a prominent local issue (as at Tameside) the local authority is likely to receive the votes, on other grounds, of many who do not approve of its educational proposals. There is an increasing argument for some sort of referendum element, particularly locally, on particular subjects which concern many people but which tend to be submerged beneath the broader political argument. Even if elections for school boards were themselves held on party lines, it would have to be assumed that a voter who supported a candidate for an education board would actually approve of that party's education policies, since nothing else would be at stake.

This could do much to bring public accountability back into education. It could even be the answer to the question what is to replace ILEA which the Government is now studying. At least it is worth thinking about. Conservatives should begin asking themselves whether they have any convictions at all about the best structure for schools or whether they are prepared to do no more than be ruled by the pressure groups which dominate the official mind, and take all their decisions, once in office, in the interests of a quiet political life.

It is estimated that a five per cent price rise, coupled with rising production trends, would push up EEC farm spending by more than £1,500 million over the next two years even without allowing for the impact of further price increases next year. That would imply an extra net charge on Britain of about £170 million. Even if Britain was shielded from the strictly budgetary consequences there would be a heavy price to pay in higher food import costs.

A price rise of this order, including increases of 4 per cent even for milk and sugar, which are in chronic surplus, coupled with the emasculation of the measures originally proposed by the European Commission for curbing over-production, would swell the already inflated proportion of the budget spent on agriculture and make longer-term reform of the Community's spending priorities even more difficult.

Mrs Thatcher was also under pressure to acquiesce in expensive new arrangements for lamb and mutton involving income supplements, seasonalised price support and export subsidies to get rid of the surpluses rendered unmarketable by the resulting higher price. This mish-mash of subsidies to the needs of France's high-cost lamb production is acknowledged to be an economic nonsense, and one with potentially damaging implications for Britain's lamb purchases from New Zealand.

Yet a further concession urged on Mrs Thatcher was a statement of support for the principle of "equal access" for EEC fishermen throughout Community waters. To have conceded this would have meant abandoning Britain's longstanding claim to a preferential share of the fish caught off its coast—about 60 per cent of the total EEC catch. Understandably the Prime Minister was not disposed to do so.

On balance then Mrs Thatcher was right to hold out for better terms. Since in the end she seems bound to give way on farm prices she needs to get a better deal on the budgetary side. This clearly defined ceiling on Britain's net contribution for three years with a review clause implying continuation of relief if the deficit shows signs of persisting.

There is a danger that the momentum towards settlement generated at the summit will be allowed to peter out. Mrs Thatcher could do worse than explore the throw-away French suggestion—dropped by President Giscard in the middle of the Luxembourg discussions and never fully developed—for an entirely new and apparently permanent mechanism that would act to reduce excessive budget surpluses as well as deficits.

EEC budget: Mrs Thatcher was right to hold out

cent. that would have implied a net contribution next year of £400m at most.

But Mrs Thatcher was not concerned only by the amount, in itself not satisfactory. She also wanted a review clause at the end of the second year which clearly implied the continuation of budget relief thereafter. In addition the collateral concessions, which were being pressed to concede on farm prices, fisheries and lamb had worrying financial and political ramifications.

There is no doubt that huge concessions were made to Britain at the summit. These arose out of an entirely unexpected French proposal communicated to Mrs Thatcher by President Giscard d'Estaing, via Signor Francesco Cossiga, the Italian Prime Minister and current EEC president, on the previous Friday.

The French suggested that Britain's net contribution to the budget should remain frozen at the 1979 level, which was calculated at 849 million units of account (£518m) in 1980, 1981 and 1982. A net contribution of this size would be about half what Britain expects to pay this year as things stand on even the most conservative estimate.

In effect, the French proposal would have required the rest of the EEC to finance the difference between the ceiling set on Britain's net contribution and whatever level the uncorrected British deficit would otherwise have reached. It would thus have shielded Britain from the purely budgetary consequences of increases in EEC agricultural expenditure.

In sum, President Giscard's offer was cunningly contrived to tempt Mrs Thatcher and at the same time weaken her resistance to the five per cent increase in the EEC farm prices favoured by eight member states and insisted on by France as a precondition for any budget deal. The point was not lost on Herr Helmut Schmidt, the West German Chancellor, whose country, as the only other net contributor to the EEC budget, would have had to meet most of the cost of the French scheme.

By the time Mrs Thatcher and her EEC colleagues got down to serious discussion of the budget, the French proposal had already begun to assume a less satisfactory shape. Endless permutations were tried to end for across the negotiating table, but none in the end produced quite the combination of money and duration that Mrs Thatcher was after.

The question of duration was vital. Mrs Thatcher wanted a solution that would take the budget issue out of politics for good—or at least until after the next general election, which is much the same thing in a politician's perspective. She also knew that neither changing trade patterns nor EEC agricultural reform could be expected to bring any natural improvement in Britain's budget position for another five or six years.

The final two-year offer rejected by the Prime Minister would have pegged Britain's net contribution this year to no more than £325m. This was assumed to imply a reduction of about £260m, after allowing for the effects of a five per cent farm price rise, and it was further proposed that Britain's uncorrected deficit in 1981, whatever it turned out to be, would be reduced by the same amount.

It was estimated that this would probably leave Britain with a net contribution in 1981 of at least £490m. This was too steep for Mrs Thatcher, who agreed that in the second year Britain's net payment should not grow by a higher percentage than the EEC budget as a whole. On the assumption that the budget would be unlikely to expand by more than 20 per

This mish-mash is acknowledged to be nonsense

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Michael Hornsby

Bernard Levin

Cry Woolf, but I won't be listening

One of the nice things about living in a democracy, which could indeed almost serve as a definition of it (Alexander Woolfson defined a free country as one in which the rights of the wrong done to George Archer-Shes—the Winslow Boy—was possible), is that nobody can compel a citizen of it—me, for talking about it to read any sure at all on the subject of Bloomsbury on the one hand or Somerset Maugham on the other, and I give notice that I now propose to exercise my right in this matter, unwaveringly, to the end of my life. You have no idea what a relief it is to have come to that conclusion and announced it. Or perhaps you have an idea; a couple of years ago, I wrote a column about Debussy's *Pelléas et Mélisande*, in which

I declared that over some twenty-five years I had seen the horrible thing five times in all, and I was never again going to set foot in an opera-house when it was playing. I expected to be lynched, but all that happened was that I got, along with a few rebukes, a huge heap of letters saying, in effect that in one or two cases literally, "Thank God you've said it—I've hated the damned thing all my life, and now I realize that I never need to listen to it again." (Friends, friends: you never needed to listen to it in the first place.) Mind you, I felt a little guilty about my little guilty Saturday night following the appearance of my announcement. *Pelléas* was booed at Glyndebourne, and I was accused of being responsible; it is based not on distance for his

character (do I stop reading books about Wagner?), or even on a low view of his writing (though as a matter of fact I do think that his literary talent was possibly the most over-rated phenomenon since the South Sea Bubble, or at any rate since Virginia Woolf), but on a feeling that the world is slowly—but less and less slowly—sliding up with books about him, like that *lonesome* play about a man filling his life with furniture, and that unless the flow is stopped we shall all be buried under biographies of him.

There is further matter for wonder. In the fact that Maugham made it clear that he wanted no book written about him, and gave strict instructions to his literary executor not to cooperate with any biographer, an order which the man to whom it was given (the late Spencer Curtis Brown) enthusiastically broke. But the flood pours on, and for my part I shall never again do so much as a toe in it. (My swearing-off extends, naturally, to books about his wife, and also to books about or by Gerald Craxton, Alan Searle and Godfrey Wilson—but not Beverly Nichols, who loves me, though I shan't read a book by him either, if it mentions Maugham—books by his intimates or his bridge-partners, his cook, his tailor, his hairdresser or his valet. Books by those who liked him and those who knew him and those who didn't know him—say, books that so much as mention him or even have a photograph of him in them.)

As for Bloomsbury in general, the situation is even worse. I read the Michael Balfour biography of Lytton Strachey when it came out, and admired it greatly, not least because even then I realized that, having told me everything I ever wanted to know about Bloomsbury, it had relieved me of the necessity of ever opening another book of them. The subject, as it happened, I broke my resolve not to do so, when I read, almost by accident,

Professor Quentin Bell's incomparable biography of Virginia Woolf; that book met the most exacting test of biography by being interesting about a figure in whom I had—and have—no interest at all. (I say "no" because all Virginia Woolf's novels are unreadable, and none of them would be worth reading even if they weren't.) Having read Professor Bell as well as Mr Holroyd, I knew slightly more than I wanted to know on the subject, but that was no great matter. Ever since, however, there has been such an outpouring of books on every aspect of the woman that I frequently have to call the Town Hall and demand the services of a stonemason to clear away the mounds of them that have accumulated in the street before I can get out of the house.

With the obvious exception of Forster, the whole of Bloomsbury and everyone who passed through it amounts to no more than a footnote. (Kyrus doesn't count, because although he was of the Bloomsbury milieu his real work was done far outside its confines, and not only its geographical confines. Besides, he was wrong.)

Yet this footnote has spawned (as a footnote spawn, especially in the transitive mode? Bloomsbury's can) forty shelvesful of books, ranging from three-volume studies of her use of the semi-colon to the memoirs of her chirographist, from massive biographies of the manager of the shop which she used to go to for her coffee (by examinations of the parallels between her work and that of Damon Runyon, and from books designed to prove that the early essays attributed to her were in fact written by her. I shall not read any of them, designed to disprove the theory that Radcliffe Hall was one of her pseudonyms. (It was, as a matter of fact.)

I do not claim that books about Virginia Woolf and Bloomsbury are written just to annoy another book of them. But as has been well said, just because you're paranoid, it doesn't mean you

aren't being followed. I am being followed by Bloomsbury, and I give it fair warning that I shall shortly turn round and hit it with my umbrella.

Enough is enough. That book about Bloomsbury and Maugham will continue to appear despite my disapproval I cannot, unfortunately, doubt. But let the authors and publishers, the editors and compilers, take note that from now on they will have to put them forth without me to read them for fear another word on either subject I will not.

I may, of course, be accused of intolerance, and although the charge is unjust, for I have not proposed to ban any further books on this subject, it is not all that unjust, as I certainly would ban them if I had the power. Still, I haven't, and therefore speak only for myself. And what I say is that I am sick right up to death of hearing about these people and their thoughts and their troubles and their love-affairs and their books—most of all their books—that far too much is already written by far too many people on far too many subjects and that it would be a good idea if the quantity diminished while the quality increased, and a chance catch up, and that a chance should be made, since it has to be made somewhere, on books about the two subjects herein before mentioned.

I have no doubt that at this very moment somebody is engaged, probably with the aid of a grant from the Arts Council and another from the University of Wales at Bangor, on a book which will seek to prove that Virginia Woolf was Maugham's illegitimate daughter and that she wrote *Of Human Bondage* and *The Waves*. I shall not read it, and would still not read it if I were convinced that its thesis was perfectly true. I do not suppose that my proclamation will stop the publisher from sending me a copy, when it appears, for favour of review, but it will make no difference what I am off them both, and for good. © Times Newspapers Limited, 1980

which had been paid since before anyone could remember, was for stabling and feeding the archdeacon's horse. In that case, the parish meeting resolved if he was going to pay the archdeacon for a horse, he must arrive on one.

But, said *The Times*, the archdeacon had no horse, or if he did he had never been known to enter South Mimms on it. "He is as likely to arrive upon a hippogriff, or driving the lynxes of Dionysus," however, he must be provided with one.

"It must not look as if 18 shillings a year were all it had to live upon... On the other hand, the horse must not be so gay a beast as to suggest that the 18 shillings had all been spent at once in an orgy of oats and bran mashes." The newspaper suggested a mule, an animal of suitably Biblical pedigree.

Whether the archdeacon ever did ride, John Wayne style, into the dusty main street of South Mimms, I cannot say. But there was common consent that the horse should be named Gaiters.

In car J. R. Researchers at Leeds University's distinguished department of linguistics have come up with a perfectly appalling invention. They have proved that it is theoretically possible to receive the soundtrack of *Coronation Street* and even worse, *Dallas*, on a car radio.

The possibility is discussed in the current issue of the

learned journal *International Broadcasting* by two Leeds lecturers Rene-James Herral and Edwin Lovatt. Their studies have led them to speculate about a logical extension of the system used for Teletext, the system which displays visual information on a television screen.

From pictures without sound, it has become a short step for the boffins of Leeds to invent a system of sound without pictures. They have even given it a name: Telesound. Herral and Lovatt say that it is technically possible, and that car drivers could soon enjoy "reassuring and habit-forming" programmes like *Crossroads*. The Leeds researchers' conclusions stem from a wider study of television viewing habits, which seem to cast serious doubt on the figures which the television industry itself uses to measure its audience. Television sets, according to the Leeds survey, are switched on for many more hours than the viewers actually sit in front of them.

Clement Freud, the Liberal MP, is underlined in the committee of the Social Security (No 2) Bill yesterday and almost immediately rasc. He was waved down by Patrick Jenkin on the grounds that he had not been there for a day. Freud said: "Within a minute he was on his feet inquiring, now that he had been there a little longer, whether the Secretary of State would give way. Speechless, Jenkin yielded."

Alan Hamilton

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Tory daughters' day of action on the boards

On the TUC's chosen day of action, a highly select band of Tories will be donning glad rags at the Hurlingham Club in a veritable fashion parade of defiance. The event, which has been in the planning even longer than the TUC's little scheme to lay the nation to rest, is a fashion show in aid of Conservative Agents' Benevolent Association, and the models will all be Conservative parliamentarians' daughters.

Mrs Julian Ridsdale, wife of the MP for Harwich and organizer of the show, tells me it was not enough for her mannequins to be Tory parliamentarians' progeny. They had to be lofty with it, and not one will take the boards much under four foot ten. "A lot of the statistical certainty that comes only from close knowledge," she says, "are five foot four, and that's not good for the world."

The girls she has recruited include two with professional modelling experience: Serena Wendell, step-daughter of Peter Rees, Minister of State at the Treasury, and the Hon Sophia Maude, daughter of Viscount Hawarden.

East End Opera

While inflation may be causing despondency at Covent Garden and the Coliseum, lesser known companies are embarking blithely upon the grandest of grand operas. In the same day last week, I noted the Southgate College production of the Giordano's *Andrea Chénier*, the improbably named East End Opera made its debut in the equally unlikely surrounding of the Mile End Road. Not only that but it plunged straight into the deep end with one of the longest and most demanding works in the entire repertoire, Wagner's *Die Meistersinger*, sung in German.

Its producer, John Ramsden, tells me that the group was assembled for this one purpose, and at present has no other production in view. It is described as semi-professional, which means that the leading singers, some of the orchestra and some of the designers are paid; the remainder, including the chorus, the conductor, Stuart Elliott, and Ramsden himself, are amateurs.

Its uncertain future is due partly to the fact that some of its leading lights are about to disperse. Sue Colwell, the technical director, is going to work in America, and Elliott is to enter the church. But it would be most unfortunate if we let it go, and didn't do anything else. Ramsden says.

No Gaiters

There is nothing new under the sun, not even the curious correspondence about an appropriate name for the Rector of Barton-le-Clay's horse which has been appearing at the bottom of the opposite page. There was a not dissimilar saga at South Mimms, Herts, as long ago as 1926, which prompted *The Times* the day to publish one of its elegant fourth leaders on the subject.

It began when the annual parish meeting demanded to know why it was obliged to shell out 18 shillings every year for the archdeacon's visitation. The money, they were told,

London Diary

which had been paid since before anyone could remember, was for stabling and feeding the archdeacon's horse. In that case, the parish meeting resolved if he was going to pay the archdeacon for a horse, he must arrive on one.

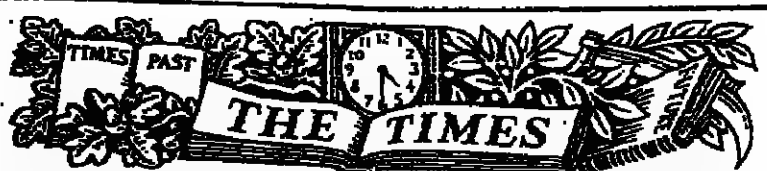
But, said *The Times*, the archdeacon had no horse, or if he did he had never been known to enter South Mimms on it. "He is as likely to arrive upon a hippogriff, or driving the lynxes of Dionysus," however, he must be provided with one.

"It must not look as if 18 shillings a year were all it had to live upon... On the other hand, the horse must not be so gay a beast as to suggest that the 18 shillings had all been spent at once in an orgy of oats and bran mashes." The newspaper suggested a mule, an animal of suitably Biblical pedigree.

Whether the archdeacon ever did ride, John Wayne style, into the dusty main street of South Mimms, I cannot say. But there was common consent that the horse should be named Gaiters.

In car J. R. Researchers at Leeds University's distinguished department of linguistics have come up with a perfectly appalling invention. They have proved that it is theoretically possible to receive the soundtrack of *Coronation Street* and even worse, *Dallas*, on a car radio.

The possibility is discussed in the current issue of the



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AGAINST THE PUBLIC INTEREST

Lord Denning, this time, is on the wrong side. The effect of his judgment, and that of his colleagues in the Court of Appeal in the British Steel action against Granada Television, is to give protection to those who may have something to hide, contrary to the public interest. It places a narrow private interest ahead of the public's right to know about an issue of national importance. It would make the task of an investigative journalist immeasurably more difficult. Informants would be far more unwilling to provide information to the press and television. The inevitable result, unless the decision is reversed by the House of Lords, will be that corruption, incompetence and unnecessary secrecy will flourish, and that the truth will be that much more difficult to reach.

Journalists, rightly, do not have any legal immunity from disclosing their sources of information. The courts have the right to take the view that the public interest in generally unholding the secrecy of journalistic sources has been outweighed by the public interest in justice being done in particular proceedings.

It is reasonable, for instance, to insist on disclosure if knowledge of the informant's identity is an important factor in deter-

mining the guilt or innocence of a person accused of a serious crime. A journalist should not be entitled to remain silent when he has important evidence that could affect the course of a criminal trial. Nor would the principle be limited to cases where an accused was in danger of losing his liberty. It would apply, for instance, in cases involving national security.

It is also not difficult to conceive of examples where the enforcement or assertion of an important civil right by a party to litigation can depend on the publication of a source of information which a journalist would prefer—or has given an undertaking—to keep secret. In such cases, it is right that the court should have the discretion to order that disclosure of sources be made. All these, however, are examples where the piercing of journalistic immunity is necessary for the just determination of a particular legal dispute.

The British Steel case, however, does not raise such principles. BSC wanted the journalist's source to be disclosed, not because such information would be important to the result of litigation in which the company was involved, but so that the person who had leaked the document could be

disciplined, probably by being dismissed. No doubt it is important for BSC to discover the identity of its Deep Throat, but that is an internal matter, and it should not be the responsibility of the courts to help the company put right its difficulties over staff loyalty. That cannot be a public interest so substantial as to outweigh the public interest in journalists having the general right to protect their sources.

What Lord Denning has done is to lay down a new test, based on whether a court thinks the journalist or his employer has acted properly and responsibly: "If a newspaper should act irresponsibly, then it forfeits its claim to protect its sources of information". That is neither a logical nor a necessary criterion. It would mean that a potential source, even one who revealed a relatively innocuous piece of information, would be at risk of having his identity disclosed because his contact was adjudged to have acted irresponsibly. The courts are far from being the best judges of what is responsible journalism. Their task should be to determine the balance of public interest, not to judge journalistic ethics. The Court of Appeal has done a disservice to the cause of press freedom.

SWEDEN'S FALL FROM GRACE

It is curious that Sweden which has so often been held up as the model of a modern state should now be suffering its worst industrial troubles at least since the general strike of 1909 and certainly the worst anywhere in the western world at this time. A lock-out in the private sector and strikes in the public sector have, between them, brought economic chaos, and there may be worse to come. To make the prospects still more ominous, there is bitterness going beyond the strength of feeling to be expected in any major industrial conflict.

This is so contrary to what one expects of such a normally placid and ordered country that it is natural to seek some exceptional explanation. But it would be wise to look for an answer to conditions in both the economic and the political spheres. For years most Swedes were accustomed to steady improvements in an already high standard of living. The performance of the Swedish economy has been one of the miracles of the postwar world, owing much to the constructive and enlightened spirit in which the trade unions exercised their influence. It is sometimes mistakenly thought in other countries that their attitude during these years was characterized by a notable restraint. On the contrary, it was characterized not by restraint but by a desire for

expansion. They wanted companies to be profitable, so they did not operate many restrictive practices, but they did insist upon securing a large share of those profits for their members.

What has now happened is that the international conditions for further rapid expansion no longer exist. Shortly after the non-socialist coalition that now governs Sweden first came to power in 1976 the country was hit by economic storms. It recovered surprisingly well and by 1978 had a trading surplus once again. But the further increases in oil prices, which are particularly damaging for a country with such limited energy sources of its own, brought about a large deficit last year. Exports in the early part of this year showed a distinct improvement. But even before the present dislocation a record budget deficit was forecast and it was clear that there was no room for substantial wage increases if the country was not to be plunged into further economic difficulties.

That would have been hard enough for the unions to accept under any political conditions. Their members were restive after a few years of unaccustomed restraint. But the unions are particularly reluctant to respond to calls for moderation from the present government. A non-socialist administration cannot

by its very nature be as close to the unions as the Social Democrats who ruled Sweden for 44 years before their defeat in 1976. It cannot exercise the same quietly effective pressure upon union leaders behind the scenes. But the present government is hampered by its own internal weakness as well.

From the time it first took office in 1976 it has been an uneasy partnership. The lack of confidence between the three parties involved—the Centre Party, the Conservatives and the Liberals—arose specially, though not solely, from their differences over nuclear energy. That caused the break-up of the coalition in 1978, and from then until the general election last September the country was governed by a minority Liberal administration. But it was only with the referendum in March that the nuclear issue was resolved, at least for the time being.

This weakness has reduced the government's authority in the present crisis and encouraged the Social Democrats to call for its resignation. By doing so they have enlarged an industrial dispute of grave proportions into a political conflict as well. So what is now at issue is both whether the Swedish economy can be kept on an even keel and whether a democratically elected non-socialist government is to be allowed to continue in office.

TERRORISTS CANNOT BE DIPLOMATS

The end of the Iranian embassy siege has been widely welcomed as demonstrating that foreign terrorists cannot operate with impunity on British soil. It certainly is to be welcomed for that reason, but obviously one cannot assume that in itself it will be enough to deter any further such activities.

An area of particular concern is the means by which weapons for these activities are imported or obtained. In many cases the weapons used have been of a type not easily secured in Britain, even from clandestine sources, nor easily smuggled through customs by ordinary individuals. There is at least a very strong suspicion that some of them are being brought in under cover of diplomatic privilege, and that foreign diplomats accredited to Britain are in fact aiding or abetting terrorist activities. It was for this reason that in 1978 the Government ordered five Iraqi diplomats, along with six employees of Iraqi state-owned enterprises, to leave the country, shortly after the murder in London of a former Iraqi prime minister.

Suspicion again falls on Iraq in the case of the Iranian embassy siege, because of the current hostility between the two governments and Iraq's publicly

proclaimed support for the Arabs of Khuzestan whose cause the terrorists were trying to promote. So far as is known there is as yet no definite evidence of the Iraqi embassy's involvement, but should such evidence come to light during the interrogation of the surviving terrorist, the Government should not hesitate to repeat the action taken in 1978.

Meanwhile there is the problem of the Libyan "people's bureau", as the embassy has been christened itself since last September. There is a good deal of evidence that members of this novel entity have been involved in the campaign of intimidation, arson, kidnapping and murder to which Colonel Gaddafi's opponents in London have been subjected in the last few months. A visit to Libya by a senior Foreign Office official, Sir Anthony Acland, seems to have had no effect, since it was after it that Colonel Gaddafi issued his "final warning to remnants of the bygone regime and elements of the defeated society of exploitation currently living abroad", that if they did not return they were "doomed wherever they might be".

It may be difficult, as the American government has found, to apply the usual diplomatic procedure of *persona non grata* to people who do not acknow-

ledge their diplomatic status. But if they wish to be considered as ordinary citizens, and if the government has good reason to believe they are involved in breaches of the peace, then it has the power to deport them.

Of course Libya is a country with which we wish to maintain good relations, both for commercial reasons and for the sake of the British community there. But good relations can be maintained only on the basis of mutual respect, including respect for each other's law. Action against the "people's bureau" would not be justified simply on the grounds that it represents the Libyan government. But if any member of that bureau is involved in acts of terrorism in Britain, then he or she has no right to expect to remain here in any capacity.

There is also the more general question of the prevention of the importing of weapons in the diplomatic bag. The Vienna Convention rules out the opening of the bag, but does not mention the possibility that its contents might be X-rayed or screened electronically. The governments of the European Community have for some time been considering the use of such methods in the interests of preventing terrorism. The idea should now be taken up again, and with greater urgency.

Broadcasting in Welsh

From Mr Raymond Garlick
Sir, The Times profile of Mrs Thatcher (May 5) reports her as saying: "There is not one single principle that we have gone back on and I hope there won't be because the manifesto was very carefully drafted for principle". That manifesto endorsed the principle of the concentration of Welsh language television on the new fourth channel in Wales. The Government reiterated the principle in the Queen's Speech. It has been gone back on.

Yours faithfully,
RAYMOND GARLICK,
30 Glanant House,
College Road,
Carmarthen, Dyfed.

Somalia of whom about 600,000 are in camps while the rest are "living free". News has also reached me via my brother, Constantine, that the Irish Government has already contributed unilaterally to the EEC Somali refugee relief fund and, further, is now giving urgent consideration to making a bilateral donation to Somalia in this matter.

It is, of course, understood that calls upon our national purse are many and varied, but as one who has served in the Office of the United Nations High Commissioner for Refugees, I would hope that we could consider making at least some obligation to show that we are not ignoring a people who, in the past, have done a lot for us.

Yours truly,
LOUIS FITZGERALD,
Langstone Towers,
Langstone,
Havant,
Hampshire.
May 4.

Realism on shop floor

From Mr J. Moss
Sir, Mr Walker Goldsmith of the Institute of Directors (April 22) spoke of realism on the shop floor to be achieved by the ballot.

Apart from a ballot to strike or not would he also ballot for better lighting, for less noise, for a cleaner work environment, for more heat or less, for a place to eat, or hang ones clothes—on safety provisions on whether somebody should be sacked or not. There are some of the matters that daily are dealt with by stewards.

There is no reason to suppose that ballots will remain the prerogative of the employer for the reasons he chooses without concern for such reasons as the workers find it necessary for themselves.

Yours faithfully,
J. MOSS,
14 Jockley Fields,
Hilsum, W.L.
April 29.

Striking a balance in the EEC

From Lord Gladwyn

Sir, Though Mrs Thatcher's tough line at Luxembourg was welcomed by a large majority in the House of Commons, and possibly in the nation, you were quite right to condemn it as misguided (April 30).

Why turn down a highly satisfactory offer to reduce our subscription from £1,150m to £325m for one year because it would be subject to renegotiation thereafter? When the Common Agricultural Policy runs out of funds—as it will—at the end of 1981, a renegotiation of the whole financial structure of the EEC, including farm prices, will be inevitable anyhow.

Holding up current business and threatening, if necessary, to withhold VAT unless we get an even better lead and full satisfaction on prices, accordingly makes little sense if we eventually do break the Treaty in this way. The Eight may well retaliate by repudiating the "Luxembourg Compromise" and putting up the price of food without our consent. In either event it would mean the end of the Community of Nine. No doubt this would be greeted with joy by patriots ranging from the National Front to the Tribune Group. But squabbling, on what may be the brink of war, over a tiny sum representing about 0.02 per cent of our gross national product—hardly a "vital interest" in which, under the Luxembourg Compromise, we could exercise a veto—is an irresponsible gesture on the part of someone who still professes to be strongly in favour of European unity.

Yours faithfully,
GLADWYN,
House of Lords.
May 1.

From Mr Terence Bishop

Sir, At a time when the European Community presents a depressing disarray to the world, Sir Peter Vann's contribution to your columns (April 30) is untimely. As he says, defence is not excluded from the Treaties but to suggest that its inclusion would help to redress the Budget imbalance and provide a source of a unity of purpose is unrealistic.

As a MEP he will know that the question of the role of the Com-

munity in defence matters is viewed very differently over the spectrum of political parties in the Nine. For example, there are many on the left in Europe who support the Community in principle but who would have grave reservations about a unified defence policy for the Nine. To push the issue now would further weaken their position vis-à-vis colleagues who would prefer a more fragmented Western Europe within or without the Nato alliance.

Again, Sir Peter fails to acknowledge that national approaches within the Nine differ. Only seven can be said to be full operational members of Nato since France stands partly to one side and the Irish Republic has never joined. In Greece, which will join the Community in 1981, Nato membership is a major domestic issue and linking this to the Community now will not make the permanent integration of that country with the Western European democracies any easier. Of the other candidate countries, Spain is not a member of Nato and Portugal can apparently reconcile its role as a member with attendance at the 1979 Havana meeting of the non-aligned.

To be realistic, let the Community consider further "low level" initiatives such as joint purchasing policies and common standardisation before embarking on an ambitious enlargement of the Community's role which can only be divisive at a time when problems which are clearly within the competence of the Treaties lie unresolved.

Yours faithfully,
TERENCE BISHOP,
76 Whitlington Road, N22.
May 5.

From Mr J. O. Jones

Sir, In his letter in The Times today (May 1), Mr Hugh Dykes states that if we had retained our own pre-1973 farm support system, this would now cost about £1,500m, ie more than our total net payment (to the EEC).

However, amounts spent under our pre-1973 farm support system were a redistribution of money within the UK: our net contribution to the EEC budget is a payment from the UK.

Yours faithfully,
J. O. JONES,
Little Clarendon House,
Clarendon Street,
Oxford.
May 1.

British Steel's chairman

From the Director General of the Institute of Directors

Sir, The appointment of Mr MacGregor as the new chairman of British Steel is a most timely move. The Government should now conduct a commercial evaluation of the jobs involved on all nationalised industries—not just the chairman's jobs but his senior management levels. This would probably indicate a salary in excess of £100,000 per annum for the chairman of British Steel, British Leyland, etc. Salaries at this level would help to secure the right man for the job in the future, but as importantly would create proper differentials in the salary structure and give career objectives and attraction for good men to come into these industries, who would provide future management succession.

It is one of the saddest outcomes of such industries that we are unable to attract the right sort of management and senior executives. Without the evaluation suggested could begin to reverse the fortunes of these industries by creating greater motivation and incentive. The contribution of directors of these enterprises should also be reviewed to ensure their strength and ability to perform a proper role, so that the Government could withdraw its present degree of interference and allow the board to fix salaries in future.

Yours truly,
WALTER GOLDSMITH,
116 Pall Mall, SW1.

Education in London

From Mr W. D. Lovatt

Sir, The Inner London Education Authority (ILEA) is a most interesting and serves its pupils and students well. Your editorial of May 2 was disappointing in its emphasis on the first two points and its neglect of the third. As one who has seen something of both schools and colleges in inner London and in the Outer Boroughs, I have all too often been made aware of the ILEA's relatively generous provision for pupils and students and of its beneficial effect on the quality of learning experiences provided. In an area of such complex and many complex problems of special deprivation, or of integrating different ethnic groups, of falling school rolls, it is not surprising that there are administrative difficulties and occasionally educational failures as at William Tyndale. What is surprising and commendable is the calibre of the school and college staffs, the quality of classroom and seminar room work, and the level of achievement of so many of the pupils and students despite inner city conditions.

The official inquiry will be helpful if it improves bureaucratic procedures, and reduces the (already small) number of institutional and other educational failures. It will be disastrous if it leads to a breakdown of an authority whose educational provision is second to none.

Yours faithfully,
W. D. LOVATT,
Deputy Director,
Dorset Institute of Higher Education,
6 Dorchester Road,
Weymouth,
Dorset.

A phrase from the Creed

From Mr David Gwynne

Sir, Now that the Archbishop of Canterbury's omission of the *filioque* phrase from the Creed at his enthronement has been welcomed by the leader of one of the Orthodox churches, perhaps an ordinary member of the Church of England, while not wishing to jeopardise the movement towards unity, might be allowed to say why the omission is wrong.

Paradoxically, the argument must begin by acknowledging that the Archbishop's decision has the force of truth to support it. Each Member of the Holy Trinity is autonomous and self-dependent, while being co-existent with the others; it is not a part like a slice cut out of an apple, but a whole within the whole. That is one of the great mysteries of the Christian teaching. The Holy Spirit may be described as the power of God, immanent in the world, directly accessible to man. Reason tells us that, since God is the unchanging principle of the universe, this must always have

been so and, indeed, we see the Holy Spirit at work in the giving of the Commandments to Moses. Hence, "filioque" should go.

However, of what is it also a proclamation of how the power of God becomes accessible to the faithful. Just as the Apostles were "given" the Holy Spirit by Christ at Pentecost, so the modern Christian comes to know the Spirit through the teaching of Christ in the gospels, and through worship. In this practical sense for us as individuals, the Holy Spirit "proceeds from the Father and the Son".

The Holy Spirit is not exclusive to Christians: it can be, and is, experienced by anyone who is in receipt of a true religious teaching. For us, Christ embodies that teaching.

Yours truly,
DAVID GWYNNE,
Flat A,
23 Sydney Road,
Richmond,
Surrey.

Life under the communists

From Ms Diane Waller

Sir, I was surprised and alarmed at the contents of your leader column ("May Day! May Day! May Day!" May 6). For a newspaper which has prided itself on trying to present a true picture of world affairs, it interests me why you have chosen to allow yourself to be seduced into the currently fashionable Soviet Union bashing and, furthermore, have extended similar upbraiding to communist countries throughout the world. Could it be that your lead writer is so frightened to acknowledge the achievements of, say, the Soviet Union, in human, scientific and cultural terms, that he resorts to a biased, pulp-umping tirade worthy only of lesser journals and based (it would seem) on a minimum of knowledge and understanding of any one of the countries he berates?

There are some statements in particular for which no proof whatsoever is available: Russian Jews do not suffer extreme discrimination in education, employment and religion as a glance at current statistics would reveal. In fact, there are more Jewish students per 10,000 of the population in higher education than any other racial group. It is stated within the Soviet constitution that any discrimination on the grounds of race or nationality is punishable by law. This has been law in the Soviet Union rather longer than it has in Britain. But then discrimination (against women, blacks, ex-mental patients, etc) doesn't exist here. Or does it? The reference to Bulgaria assassinating its émigrés is totally unproven and would seem to be based on too much reading of low level news stories.

But the statement which really grates is: "Russian agriculture is less productive today than it was in the time of the Czar". Production then was achieved as a result of true slave labour, the peasants being oppressed in such a way that they were at the mercy of the landlord and were often on starvation level. The condition of the Slav peasant under serfdom has been well documented elsewhere and could be studied by your writer. Certainly a tiny percentage of the population were rich and enjoyed a lavish culture, but not too many of the peasants benefited from their harsh labour.

Life in the Soviet Union may be tough by the standards of citizens in Southern England, but you will not find the squalor, depression and vice in any of its cities that you find in many western European capitalist countries. And talking of gangsters, you can walk through the streets of Sofia (capital of Bulgaria) at any time of day or night without fear of being mugged. This

applies equally to men and women. This is without the presence of a vast police force. One can travel on the buses and trams until early in the morning. Public transport is almost free, as is accommodation, telephone and electricity, so most of your wages could be spent on food (cheap) and consumer goods (expensive) and travel, which is cheap within the East European block and expensive outside it.

This leads us to the privilege shops. I imagine your writer means the foreign currency stores which are something like our duty-free shops. True, you can only buy there if you have foreign currency, which most Soviet citizens don't, and that is unfortunate, perhaps. The Bulgarian version are called "Corrcom" and are always full of Bulgarians buying the sort of things they could get in ordinary stores, but with dollar or other foreign currency bonds received as gifts or for work done abroad. At present, a very fashionable item on sale is Smirnoff vodka, followed closely by Schweppes tonic and instant coffee. It may be that most of the ever-increasing membership of the institution known as the "dole queue" would find Harrods "privilege store" these days. But of course they can always window-shop.

About Afghanistan: there are always two ways of looking at an invasion. One would claim to be "helping" or "freeing", the other to be "looting". At least they did not napalm and defoliate the population in the name of freedom.

I am sure that your writer is right in one thing: we should use May Day to reflect on the conditions of our own society and also on communist societies. But please let it be with the aid of more informed sources than your writer has encountered thus far. It is, I consider, an immoral use of an influential position to perpetrate unproven and indefensible statements in the leader column of The Times, and to stir up mistrust and even hatred of societies which have struggled with immense problems against such outside interference, as well as having to cope with a legacy of extreme poverty, illiteracy, disease, and harsh climatic and environmental factors in most cases. These societies are not complacent and recognize they have far to go. I do not think we in Britain should continue to project our own dissatisfaction with ourselves in this dangerous way.

Incidentally, I am not a dupe of the Soviet tourist thought control. Yours faithfully,
DIANE WALLER,
10 Lincoln Street,
Brighton.

Iran Embassy siege

From Lieutenant Commander J. A. Long

Sir, It was vividly brought home to all of us viewers, suddenly wrenched from the Crucible Theatre to Prince's Gate on Monday evening, how unimportant even the most enthralling of games is in comparison with real life and death. I hope that those responsible for making decisions on the Olympics were among our number.

Yours faithfully,
JAMES LONG,
The Beltry,
Yarmouth,
Norfolk.
Devon.

From the Reverend Henry G. Pearson

Sir, I am disturbed that the BBC should choose to interrupt normal programmes to present live coverage of the embassy siege, especially as the programme would have been seen by a large number of children. There is a world of difference between presenting "past" news, which of course is edited, and presenting "present" news which includes any number of horrific events for the viewer's digestion.

I do not wish that we should be sheltered from the harsh realities of life. But for the sensitive few live coverage of some events may cause great anxiety and for the many such live coverage may encourage the wrong degree of excitement with all its ghastly sentiments.

Of course live television can be the best viewing because it presents things as they really are. But the question must be asked as to what criteria are being used to decide which of the more unfortunate

events of our times should or should not be presented live to the viewer. Although I would disagree with the BBC in deciding to go ahead with live coverage of this event, I must add that the reporting of the actual happening was in my view factual and responsible.

Yours faithfully,
HENRY PEARSON,
Holy Trinity House,
Timus Drive,
Tilbury,
West Sussex.

From Mr Roland Bird
Sir, Your report on the rescue of the Iranian hostages talks of "the executions of two of the hostages". It is deplorable that The Times is slipping into the misuse of this word, instead of "killing" or "murder". It means the infliction of capital punishment in pursuance of a judicial sentence, and cannot properly be used to describe a revolting crime.

Yours faithfully,
ROLAND BIRD,
22 Coneydale,
Welwyn Garden City,
Hertfordshire.

From Mrs Jean Innes
Sir, If the Iranian people feel such gratitude towards Britain for our rescue of the embassy hostages, perhaps they might like to give it a more concrete form by releasing the hostages they hold.

Yours sincerely,
JEAN M. INNES,
Brandon,
Hook Heath Road,
Woking,
Surrey.

Infinite variety

From Mr D. C. Martin and Mr T. D. Wilby

Sir, The new "Order for Holy Communion" (also called the Eucharist and The Lord's Supper), Rite A from the Alternative Services Book 1980, published on May 1, is a curious beast. According to our calculations, there are at least 92,160 different permutations possible. This figure takes into account only those parts of the text which are obligatory. That is, the optional parts (numbered in blue) and the numerous notes at the beginning have not been included.

"Broad is the way that leadeth to destruction." (Matthew 7:13)

Yours faithfully,
DAVID C. MARTIN,
TIMOTHY D. WILBY,
University College, Durham.

Common task

From Mr David Mason

Sir, It is unlikely that Virginia Plennies would share Mrs Corrie's sentiment (May 6) that her husband Sir Ramulph and Mr Oliver Shepard are chauvinists. She is with them in America and I am sure she is very glad that they do not leave her to do all the manual work which for an expedition which will last for three years and include two polar crossings (hardly a camping trip for a few months) might be rather a lot for one person to handle. The three of them take it in turns while Mr Charles Burton, the fourth member of the team, plays radio games with other Antarctic stations. (Charlie did not go to Eton.)

Yours faithfully,
DAVID MASON,
Transglobal Expedition,
6272 Chiltern Street, W1.

Ballast to the mind

From Mr David Hardman

Sir, In 1919 or 1920, I forget which, I was called out on strike. During the week, a local attempt was made to organise a procession of protest. It failed because strikers preferred to work on their allotments, railway men being renowned, as they are now, for their horticultural prowess.

Perhaps Mr Moss Evans, Mr Len Murray and other trade union leaders will do the same on May 14, for as Thomas Hardy once wrote, describing an early contact with Egdon Heath, such brings "ballast to the mind adrift on change and harassed by the irrepressible new".

I remain, Sir, Your obedient servant,
DAVID HARDMAN,
Bankfield, Hurstpierpoint, Sussex.

Horse sense

From Mr Tony Miller

Sir, Not to be outdone by the headmaster of our nearest "rival" public school, Ampleforth, I send you the following suggestion:

"The Minister is at present unobtainable, he has gone to mount Zion!"

Yours sincerely,
TONY MILLER,
School House,
St Peter's School,
Clifton, York.
May 1.

From Mr M. J. Furber
Sir, Failing an acceptable name the Reverend Ian Graham-Orlebar could still prepare his sermon on the

Social Focus

The cruel cuts
which could sharpen
the BBC's mind

A good deal of fuss is being made about the cuts which the BBC has had to make in its planned expenditure for the next two years. A petition currently being circulated by the National Union of Journalists and the Association of Broadcasting Staff is entitled simply "Save our BBC". The Musicians' Union has threatened to strike from June 1 unless the Corporation changes its mind over the disbandment of five orchestras.

Some people within the BBC see the cuts in rather different terms, however. Mr Alasdair Milne, managing director, television, says, "they sharpen the mind". Another member of the Board of Management says, "We are making a tremendous amount of fuss, possibly because it is the first time we have grazed our knee. But other people have fallen down and broken their legs".

Whether the cuts are seen as a major disaster or a minor irritation, however, there is general agreement that the BBC is at a turning point in its

history. The cuts have dramatized and heightened a crisis which was inevitable anyway.

The origins of the BBC's present difficulties lie in the rather cavalier treatment of the Corporation by the last Government. In 1978 it refused to sanction a pay rise which would have just breached the 5 per cent policy and insisted on arbitration. In fact, the Central Arbitration Committee awarded BBC employees a 16½ per cent rise and by April, 1979, the Corporation's money had run out. At that stage, the BBC was telling unions that it would have to make 3,000 staff redundant.

To avert that disaster, Mr Merlyn Rees, the then Home Secretary, increased the Corporation's borrowing power from £30m to £100m. As a result, by last summer, the BBC had a deficit of £40m, an operating debt of £20m and was paying about £600,000 a month in interest charges. It was partly to pay off those debts that the BBC asked the new Conserva-

tive Government for a rise in the licence fee to £40.

Although the £34 fee which Mr Whitelaw awarded last November was substantially less than the BBC had asked for, it represented a 40 per cent increase on the 1979 licence fee. The BBC will have £1,000m to spend during the two years that the new fee is expected to cover, and that, as many BBC executives acknowledge, is a very considerable amount.

Seen in that context, the £130m which the BBC has been forced to cut from its planned expenditure in the next two years appears relatively manageable. Even the reduction of 1,300 in the Corporation's 28,000 staff is likely to be achieved with less than 100 actual redundancies since the vast majority of savings will come through not filling vacancies and natural wastage.

The trouble is that the BBC has never before had to live with the experience of drawing in its horns. The outlook both of the Corporation as an institu-

tion and of individual producers and executives has been naturally expansionist. Even in the past six years, when the chill winds of economic recession began to blow, there has been considerable growth in the regions with a 30 per cent rise in staff based outside London, a major new broadcasting centre being opened in Manchester, regional television studios producing a second weekly "opt out" programme, and local radio continuing to expand.

This past legacy of virtually uninterrupted growth and expansion has bred a particular type of attitude in the BBC. As one member of the Board of Management put it, "We have seen it as our God given right to grow. The assumption is that what we do, we go on doing, and what we want to do, we do in addition. The way to establish prestige in the BBC has been to build an empire. To get promotion, you have to be a big spender. The good performer who comes in 10 per cent under budget is regarded as a mug-

The careful management of resources has just not been a respectable activity."

The shock produced by the sudden realization that the days of plenty are gone for ever has been exacerbated by two other blows which have hit the BBC with equal force in the last twelve months. The first was the development of independent local radio to such an extent that for the first time the BBC's monopoly in the field of radio broadcasting was effectively and permanently challenged.

The second was the election of a government which, in the words of one senior BBC executive, "clearly signalled that it wanted to shift the emphasis in broadcasting from the public to the private sector".

It is the challenge of serious competition in radio and of a second independent television channel as much as the need for economies which is causing some people in the BBC to be talking in terms of a crisis and others of an unparalleled opportunity. The central questions that the BBC is now facing are inextricably linked. In its financial plight, does the prospect of a national network of independent local radio stations and of ITV 2 relieve it of its responsibility to cater for a mass audience and provide a popular competitive service, or should it rather be pruning its elitist and perfectionist tendencies and concentrating more on giving the licence paying public more of what they appear to want?

Several voices within the BBC complain that these central issues were simply ducked by both the Board of Management and the governors when they took their decision about where the cuts should fall. "Departments were simply offered a series of options", one senior executive complained, "there was no feeling of an overall policy or strategy". Another said, "We have been purely reactive. No single statement or document has come from the BBC about overall policy and planning. We seem to think exclusively in terms of expediency rather than principle."

There is also a widespread feeling that in making the cuts, management and governors lost an opportunity to dispel some of the "bureaucratic fog" that the Annan report identified as hovering over both Broadcasting House and Television Centre. Programme makers have suffered, it is argued, rather than administrators.

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Neither of these criticisms is entirely fair. In television at least, a real effort is being made to achieve economies by reducing layers of management and shortening lines of command. Mr Alasdair Milne, managing director of television, has made that a major priority. He has already made a notable start in listening to each network at the end of 1979 (with the 1979 figures in brackets): Radio 1, 17 (25); Radio 2, 15 (23); Radio 3, 12 (15); Radio 4, 9.4 (20.7). BBC local radio, 4 (1). Although local radio was the only service to show an increase in audience, it is still listened to by less than half the number who listen to Radio 4.

The cuts have also been made according to some overall policy decisions. The most important one was made clear in the Director General's message to his staff about the economies in February: "What the public associates with the BBC above all are the great network television programmes. With a new, national commercial television network starting up in 1982, clearly our first priority must be to reinforce the BBC's television network." It is true that that priority was slightly modified by the governors when they accorded rather more importance to regional television than the BBC's Board of Management had when it originally decided on what economies to make. But although the governors have deprived some regional programmes that were to have been chopped, they endorsed the main priority as being to strengthen the two television networks, a result they would let off with the lightest cut of all (just under 3 per cent from their planned budget for 1980-82) while network radio had to face a 5 per cent cut and other departments got far harsher treatment.

The detailed implementation of the economies was also informed by another policy decision that was endorsed both by the Board of Management and the governors. That was that the BBC should continue to expand its regional and local radio networks, if necessary at the expense of the four existing national radio networks.

Those two decisions, which were in fact taken some time before the award of the £34 licence fee made economies inevitable, have aroused considerable resentment among a small but significant group of staff in Broadcasting House. What this group fears is that populist competitive goals are being pursued at the expense of the high cultural standards and excellence that the BBC has always prided itself on. They point to the fact that in radio the largest single cut (£500,000) has been felt by orchestras, while other obvious targets for economy have been the recent merger of Radios 1 and 2 and the broadcasting of Radio 2 throughout the night, have escaped unharmed.

It is difficult to see how the BBC could have avoided making the strengthening of network television its first priority in allocating its resources for 1980-82. It is television that gets the lion's share of the audience and, given the nature of its funding, the BBC has an understandable feeling that unless its two channels consistently attract around half of that audience it is not doing its duty by the public who finance it. It is, however, less immediately obvious why any

further cuts in the television budget will fall, as Alasdair Milne says they must, on opera and ballet programmes. That does look suspiciously like an abandonment of cultural standards in pursuit of high ratings.

The decision to stay in and expand local radio is more questionable. Many senior BBC executives, including Mr Milne himself, openly express grave doubts about it. They feel that the national networks are the field in which the BBC shows its strength and that local radio could largely be left to independent stations, particularly since economies are going to force the BBC stations to have fewer serious features and documentaries and more music and speech sequence broadcasting throughout the day.

The opponents of local radio feel that it is a classic example of a venture that the BBC has become committed to for political rather than broadcasting reasons. It was one aspect of a more general headlong rush into regionalism that took place in the 1970s without being really costed or thought out. Large and expensive new studios were built around the country, often only to stand empty or act as hosts for London based artists and programmes. "The main consequence of our great regional expansion", one cynical senior executive observed, "is that the Corporation spends a vast amount of money a year on train fares and overnight accommodation."

The defenders of local radio concede that policy considerations play an important part in their thinking. If it was to be abolished, they argue, there would be an outcry from MPs who like their own local stations because they are given so much air time. But their main argument is rather different. Aubrey Singer, managing director of radio and an unrepentant believer in local radio expansion, says: "For the first time BBC radio is not in a monopoly position. If we don't meet the competition created by IRL, we will lose our audience and never get it back. Without local radio, the networks would be like whales stranded on the beach". Peter Redhouse, assistant controller of local radio, says, "network radio is a largely unmodulated form of broadcasting".

Audience figures can be made to support both those who think the BBC should pull out of local radio and those who feel it should be expanded. The overall radio audience has declined by about 10 per cent during the 1970s. That drop is fairly evenly reflected in BBC audience figures. The percentage of the total population listening to each network at the end of 1979 (with the 1979 figures in brackets) was: Radio 1, 17 (25); Radio 2, 15 (23); Radio 3, 12 (15); Radio 4, 9.4 (20.7). BBC local radio, 4 (1). Although local radio was the only service to show an increase in audience, it is still listened to by less than half the number who listen to Radio 4.

The audience for independent local radio is roughly double. Economic considerations dictate that it is impossible to maintain both an expanding local radio service and the four existing networks. At the moment, local radio is comparatively cheap. Radio 4 is the most expensive network to run in absolute terms and Radio 3 in terms of its audience. It is a fact often overlooked by those who argue that the BBC is abandoning its high standards to join the ratings game that although Radio 3 costs per listener per hour 40 times as much as Radio 1, there remains an absolute commitment to maintain it. If, however, the BBC was to match the number of independent local radio stations, the cost would be more than that for the four national networks put together. Clearly, something had to give.

The most likely development in BBC radio in the 1980s is for the creation of four new networks, one of which will be a federal channel which local stations will opt in and out of. Aubrey Singer, who has already canvassed this idea among his staff and set up a special working party to look at it, calls it local home service. He sees the other three networks as being "a Radio 11—it is essential to keep that since it is our passport to getting the majority of young people, Radio 2 to 3, and a national news and information channel".

The likely new look for radio is a good example of how the need to cut its coat according to its cloth which the economies have forced on the BBC could lead to a better use of resources and a more rational broadcasting system. There are other signs that the BBC is responding to the cuts by taking the opportunity to curb some of its former excesses. The engineering department is now to buy more equipment off the shelf and not modify every single piece of equipment to its own precise requirements and standards.

If that represents a retreat from the perfectionism that has long characterised the BBC, then that in itself may be no bad thing. As one senior executive puts it, "At a time when money was not a problem and when intellectuals were hanging about with nothing very much to do (and we've probably got the greatest concentration of under-used talent in the country), we designed complexity rather than simplicity. There has been a tendency to elabor-

ate, to indulge, to go every time for perfection. And, as far as the BBC is concerned, perfection has often been the enemy of the good."

Although the latest round of cuts may just be manageable and could even produce some benefits, considerable financial problems still lie ahead for the BBC. Perhaps the most urgent is likely to be how to keep abreast of ITV salaries, which according to Alasdair Milne are now running from 30 per cent to 50 per cent above those in the Corporation. The prospect of comparability claims from BBC unions, and of continuing inflation at a rate higher than that budgeted for, is causing the management to look at ways of supplementing the licence fee.

Senior BBC executives are adamant that they will never fall back on advertising or commercial sponsorship. Aubrey Singer speaks for all of them when he says: "I do not believe the whole of broadcasting should be financed by the ethos of commercialism. But serious consideration is being given to setting up a special pay-TV channel which would give subscribers, feature films and other major attractions ahead of ordinary licence fee payers."

BBC Scotland and BBC Wales are both actively exploring the possibility of local authorities paying at least the capital costs of new local radio stations in their areas. In Scotland local authorities are also being asked to finance education programmes. There is, however, a reluctance in the BBC as a whole to accept money for the programmes from any external source. The English local radio stations were originally set up with local authority money contributing to their running costs, but that source of funds was dropped after a case of attempted political interference.

Ultimately, the BBC knows that its main source of finance must continue to be the licence fee. Alasdair Milne says that the amount raised from new Pay-TV channels and from a greater concentration on co-productions will only be marginal. He is sceptical of the benefits that might accrue from establishing an independent review body to fix the licence fee in line with inflation and the BBC's needs, fearing that the Government would simply overrule it.

What the BBC would like most of all to impress on its political paymasters is that rises in the licence are nothing like as unpopular with the public as they think they are. Mr Milne says that in the past eight public meetings he has attended about the BBC, the subject of the licence fee has not come up once. Most people, it seems, are only too well aware what good value it is to get two colour television channels, four radio networks and a local radio service for only ninepence a day.

Sir Michael's
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the BBC

The most controversial suggestion so far about the future financing of British broadcasting has been that made by Sir Michael Swann, the retiring chairman of the BBC, that there should be a levy on the turnover of the ITV companies. It was met by predictable howls of anguish from the commercial television bosses who complained that to create "an equality of misery" was not the way to solve the BBC's problems.

Sir Michael's remarks reflect a deep and wholly understandable sense of grievance in the BBC which arises from the heaviness of the burden that it has had to carry for so long on its own shoulders. As a direct employer of far more people than any other broadcasting organization in the world, it is a major patron of the arts. Yet it receives no special recognition or help for this aspect of its work which goes far beyond its strict responsibilities and requirements as a broadcaster. It also spends a good deal of time and money training technicians, producers and journalists, many of whom leave after a few years for jobs in the more lucrative commercial sector. Yet there has never been any suggestion that ITV should set up its own training centre or help fund the BBC's efforts.

Perhaps it is time for the Government either to decide that the BBC should exist purely and simply to broadcast and relieve it of other responsibilities, or if it wants it to continue to exist, to give it the money to do so.

Ian Bradley

Forecast: Wet and Dry.

When you come to think of it, rain has much to recommend it. Forced to remain indoors, one relies on one's own resources. Which, with a bit of foresight, should include plenty of ice and Martini Dry, with its clean, fresh blend of fine wines and herbs. Thus, every raincloud has a silver lining, because when it rains, it pours.

MARTINI Extra Dry.
The right one. Just by itself.

Only carefully selected wines and herbs are good enough for the world's most beautiful drink.

Gilts down on bank figures

ACCOUNT DAYS: Dealings Began, April 28. Dealings End, May 9. \$ Contango Day, May 12. Settlement Day, May 19.
 \$ Forward bargains are permitted on two previous days

هكذا من الأصل

Sir Keith's
unusual
arithmetic,
page 27

Stock markets	
FT Ind 439.7 down 5.5	
FT Gilts 67.84 down 0.41	
Sterling	
\$2.2820 up 20pts	
Index 73.0 down 0.2	
Dollar	
Index 85.7 down 0.1	
DM1.7853 down 60pts	
Gold	
\$510.50 down \$2	
Money	
3-mth sterling 16½ to 16¾	
3-mth Euro \$ 10½ to 11½	
6-mth Euro \$ 10½ to 11½	

IN BRIEF

Shipbuilders agree to voluntary job cuts

British Shipbuilders and the Confederation of Shipbuilding and Engineering Unions have agreed to 3,000 voluntary redundancies in state-owned yards as part of the wages and restructuring agreement worked out in Newcastle upon Tyne two months ago.

They are due to begin on June 9 and to be completed by June 30. According to the scheduled programme of redundancies, the yards will lose 1,085 jobs in the north-east, 1,085 in the south-east, 1,085 in the south-west and 1,085 in the north-west.

Goole Shipbuilding and Repairs Ltd, Lowestoft, will lose 115 jobs; Vospers Thorneycroft of Southampton and the Appleby yard in north Devon have 230.

Electrical imports up

Imports of electrical appliances are continuing to rise, according to a 29 per cent of deliveries to retailers in the first two months of this year compared with 27 per cent in the same period last year. The home market showed a volume increase of 8 per cent in February.

£12.5m forge opened

A new precision forge, the largest of its type anywhere in the world, has formally been commissioned at the Sheffield works of Firth Brown. Together with advanced heating, handling and processing facilities in a special building, the forge has cost £12.5m.

Savings withdrawals

The National Savings Bank is to double its over-the-counter withdrawal limits. From the beginning of next month, ordinary account holders will be able to withdraw up to £100 from any of the 20,000 post offices throughout the country.

Chemicals prospects

Chemicals output in the United Kingdom during 1980 will fall by 5 per cent according to industry forecasts. At the same time, rising costs will ensure that existing, inadequate profit margins will be squeezed still further, says the Chemical Industries Association.

Kodak decision

The Eastman Kodak Company shareholders have defeated a proposal which would have split the company into two. They also rejected a call to end Kodak's operations in South Africa.

Unemployment falls

Belgian unemployment fell to 29.955 or 7.3 per cent of the working population in April from 301,781 or 7.4 per cent in March, the Labour Ministry says in Brussels.

French nuclear plans

France plans to build two new 1,500 megawatt fast breeder reactors every three years up to the year 2000, M Michel Hug, Electricité de France plant division chief said.

US bankers predict easing of credit rules as Chase cuts prime rate to 17 pc

From Frank Vogl

Washington, May 7
The Federal Reserve Board may soon take further steps to ease credit conditions in the United States, according to New York bankers. Today Chase Manhattan Bank cut its prime lending rate to 17 per cent from 18 per cent and other short-term money market rates fell sharply.

The Commercial Credit Corporation said that the prevailing five-day commercial paper rate fell by 2 per cent to 8 per cent today, while the 15-day rate fell 1 per cent to 9 per cent and the 30-day rate declined by 1.125 per cent to 10 per cent.

Mr Donald Wooley, chief economist at Bankers Trust, said that the psychology of the money markets had changed dramatically and this was an important factor in the sharp interest rate falls.

Expectations of still lower interest rates and an easing in monetary policies were raised today by the Federal Reserve Board's decision to abolish the discount rate surcharge of 3 per cent levied on large banks. The Fed imposed the surcharge on March 14, taking the borrowing rate to 16 per cent. The discount rate for all banks is now 13 per cent.

The Fed said that this move was not to be viewed as an easing in policy, but merely an attempt to bring its discount rate into line with prevailing

money market rate levels. However, in the markets the opinion is spreading, boosted by the sharp rise in unemployment and gathering indications of a sharp recession, that the Fed may have decided that it has gone too far in restraining credit.

"The Fed must now be worrying about overkill," Mr Wooley said. He added that it was difficult under today's weak economic conditions to make a case for the Fed's mid-March decision to impose consumer credit restrictions and call for voluntary bank lending restraint, with loans to businesses not to be increased by more than 6 to 9 per cent. He expected the Fed to lift these restrictions soon.

Earlier this year the prevailing mood in the markets was that inflation was getting worse, the economy was not moving into a recession and that interest rates were certain to go much higher. The result was that there was barely any demand for the Treasury Bills when they hit 15 per cent. However, now everything was different.

Now there was a virtual stampede to buy Treasury Bills at 10 per cent, Mr Wooley said. There was a feeling that the recession was going to be severe and that the Fed policy was going to slow inflation. There was the belief that interest rates would move down further. Against this background

loan demand was low and rates were falling fast.

"As usually happens markets run ahead of themselves," Mr Wooley said. Like many other economists he believed that rates might indeed have fallen too fast. However, he expected the wholesale price figures for April to show a monthly advance of no more than 0.75 per cent, compared with a rise in March of 1.4 per cent and he expected this would strengthen convictions that the corner was being turned on inflation.

If this view prevailed, the dollar might stabilize but Mr Wooley saw some problems. He believed that as the recession deepened so the Fed would face mounting political pressure to ease its policies and if the Fed bowed to these pressures, the dollar could fall sharply.

He expected the economy to decline in real terms by 3.5 per cent between start and end of the recession.

Falling United States interest rates undermined the dollar yesterday in the Far East and in Europe. Eurodollar rates have now eased to within one per cent of rates on Deutsche marks. This has brought increasing pressure on the dollar.

However, central bank intervention helped to bolster the dollar later in the day, and it closed only 60 points down at DM1.7853. The pound closed 20 points up at \$2.2820.

Republican hopeful spells out views on money policy Gospel according to Mr Reagan

Mr Ronald Reagan is disturbed by the high level of United States interest rates, which he blames for pushing several key industries into what he calls a depression. He believes the Federal Reserve Board may have tightened monetary policy too much.

Primary election results in several states yesterday took the former governor of California closer to his initial goal of becoming the Republican party's candidate in November's presidential election. Mr Reagan is widely viewed as a conservative, but there are indications of a move toward greater flexibility in his economic policy positions.

In an interview with the *Wall Street Journal*, he refused the opportunity to speak in favour of tough monetary policies, indicating perhaps that Dr Milton Friedman is not as influential with the candidate as even Mr Reagan has frequently suggested.

"When asked if as president he would keep Mr Paul Volcker as chairman of the Fed he said:

"Well, I'd like to know more about the man before I give an answer to that."

And in response to a question on the central bank's efforts to slow money supply growth, Mr Reagan said: "Maybe it should not have been done as drastically as it has been done."

Congressman Jack Kemp of New York, Professor Arthur Laffer of California and Mr Jude Wanniski, an economist, have all been widely seen as important policy advisors to Mr Reagan and they all believe in the rapid establishment of a gold standard for the world's currency system.

His answer lends support to a view from his close advisers that increasingly the Kemp-Laffer-Wanniski team is losing influence to Mr William Simon and Mr George Schultz, two former secretaries of the treasury. Mr Reagan said he was asking experts to study the gold question.

Mr Reagan commented on restoring a gold standard that

"It has to wait for some of these other things we've done first, more stabilizing of the money value, the economy, inflation, before you could do this, because gold is a kind of a wild card right now."

The Republican candidate has repeatedly been calling for a 30 per cent tax cut over three years, using the Kemp-Laffer arguments that lower taxes will stimulate economic activity and generate more tax revenues to the Treasury than high tax rates.

Mr Reagan said yesterday: "Tax cuts are essential to increase productivity and provide a stimulus for expansion of the economy," but he added that the amount of the cuts was something that could be adjusted over a three-year period.

He added that he would support legislation to impose a ceiling on government spending, but he did not have precise figures on how to do this.

Frank Vogl

British Airways fuel bill is £200m above budget

By Arthur Reed

British Airways spent about £200m more on fuel during the financial year 1979-80 than it had budgeted, and its plans to set aside £90m towards the cost of its new aircraft fleet—the price of three wide-bodied Tri-jets—will be seriously affected.

Mr Roy Watts, the chief executive of the airline, is telling staff.

But the airline did not make a loss, though. Mr Watts declined to say what the profit for the year was. It will not be made public until July, after it has been reported to the Government, but it is believed to be only marginal.

"We have had to cut our non-aircraft capital programme and run down substantially our cash reserves," he has literally borrowed from ourselves in order to protect our aircraft purchases," Mr Watts said.

The airline's prediction that it would be carrying 30 million passengers a year by 1986 might not be later, he said. Despite this, the £200m capital programme to replace old and uneconomic aircraft remained.

In the financial year 1980-81, the intention was that after

payment of tax, interest and government dividend, British Airways would be left with a profit of £78m.

They would be added a further £122m drawn from revenue, as depreciation on the aircraft fleet. In all, this would give the airline £200m in cash for reinvestment—the equivalent to the purchase price of five new Boeing jumbo jets.

"We either reach this target or cut back on aircraft orders. We cannot scrape by again as we did last year. Even if the Government would let us borrow that kind of money, we cannot afford the interest we would have to pay," Mr Watts said.

BA's forecasts for 1980-81 include revenue of £2,200m (up 32 per cent on 1979-80), cost of fuel £603m (up 47 per cent), and landing and en-route charges £166m (up 27 per cent). Passenger traffic is estimated to rise by 5.2 per cent and cargo by 0.7 per cent.

"My aim is to ensure stable employment in British Airways," Mr Watts said. "I want BA to be a high-productivity, high-wage airline."

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Opec still divided on pricing

Tarif, Saudi Arabia, May 7

Ministers from the Organisation of Petroleum Exporting Countries met today to determine a long-term strategy to ensure stability in world oil supplies and prices.

Señor Humberto Calderon Berti, the Venezuelan oil minister and present Opec president, said that plans drafted by Opec experts would make price increases more predictable and thus less likely to damage consumer economies.

Opec would maintain the real value of its exports and rich nations would, to some extent, pay more according to how they prospered.

Such a system, however, cannot be introduced until the 13 Opec members return to fixing rates according to an agreed "benchmark" price.

Conference sources reported that given the present state of the market, price hardliners are reluctant to return yet to a benchmark price and so clear the way for introducing the long-term strategy.

CBI and TUC agree on joint talks

By Patricia Tisdall
Management Correspondent

Agreement to start bilateral talks with the Trades Union Congress on a variety of economic questions was reached by employers at the National Economic Development Council yesterday. The two sides are searching for a forum for joint discussions before the beginning of next winter's wage round.

The NEDC debate at which the Government, unions and employers were represented touched on the pay question during the course of a general debate on macro-economic issues. Mr David Barnett, the general secretary of the General and Municipal Workers Union told the meeting that exhortations on wages were of no use if there was no union involvement on wider economic subjects and asked how there could be a consensus on pay if there was no consensus on anything else.

The delegation from the Confederation of British Industry led jointly by Sir John Harvey Greenborough, its present president, and Sir Raymond Pennock, the chairman of BICC who takes over as CBI

president later this month, agreed to begin talks with the TUC.

The only formal contact between the two sides since the last election has been on joint guidelines for the introduction of new technology. However it is understood that behind-the-scenes consultations between the CBI and the TUC leaders on a variety of subjects were interrupted by the death of Sir John Methven, the CBI's director general.

Yesterday's NEDC meeting opened with a tribute to Sir John with all sides expressing their deep regard for his work. Sir Raymond Pennock has identified industrial relations as a key area for his term of office, and is expected to carry on Sir John's work.

The sharpest differences between the unions and the Government and employers on macro-economic issues are the use of monetary policy to reduce inflation; the application of revenues from North Sea oil and the appropriate policy response to the present recession.

All present at the meeting agreed on the need to reduce inflation but disagreed on its relationship to other economic objectives.

Employers' growing concern

about continuing high interest rates was stressed by the CBI delegation. Although it broadly supported the Government's monetary policy, the CBI wants the introduction of more effective curbs on state spending.

The Government and the CBI regard unemployment as part of an unavoidable process if price expectations do not change.

There was broad agreement that North Sea oil revenues have a role to play in increasing productivity but there was disagreement on what the role should be. A TUC proposal is that oil revenues should be channelled into a long-term modernisation fund, developed by a partnership between the Government and the financial institutions and by increasing the involvement of the National Enterprise Board and similar agencies.

Mr Geoffrey Chandler, the director general of National Economic Development Organisation has also advocated the allocation of oil revenues to aid industry. However, Sir Geoffrey Howe, the Chancellor of the Exchequer, who was chairman of the meeting, noted the TUC proposal but expressed little enthusiasm for the idea, though he said he was prepared to listen to more ideas.

The debate centred on answers to questions tabled by the Council at its March meeting. On the question of the path out of the recession all sides agreed that the dependence of recovery on the reduction of inflation should be made apparent.

Sir Denis Rooke, chairman of the British Gas Corporation and one of the two nationalised industry representatives present criticised the Government for not explaining its policies sufficiently clearly.

In his background paper to the meeting the Chancellor explained that the Government was against setting out a precise recovery path. However its "financial strategy" set out in the Budget, automatic trade-off between reduction of inflation and growth of output and reduction of unemployment.

The CBI recommended a display of alternative paths for the economy together with assumptions in order to improve understanding about the impact of inflation.

All sides agreed that monetary and fiscal policies are not enough alone to turn from recession to recovery but there was considerable disagreement about the ability of the Government to do more to stimulate demand.

3,500 Talbot workers laid off by weekend

Production at a Talbot car plant of Peugeot-Citroën in Scotland will halt by the end of the week when almost 3,500 production workers will be laid off and future investment in the plant "at risk" as a result of a breakdown in talks between management and men in a

managing dispute over two jobs. The plant at Linwood near Glasgow, which employs 6,500 will lay off 1,400 employees in the machine shop and stamping plant tonight. This is in addition to the 2,051 in the vehicle assembly production works who were sent home last Friday afternoon 24 hours after 26 metal finishers came out on unofficial strike in the vehicle body shop and were immediately supported by 30 fitter workers.

The dispute—the first big one at the factory for more than a year—is over a management decision to reduce the manning on the finishing line from 26 to 22, whereas the shop floor maintain that the reduction should only be two men.

The management said that the higher the level of any redundancy, should be insisted that four men should be transferred.

After the 26 men at the centre of the dispute decided at a meeting yesterday to continue their strike, the management issued a statement which said: As a result of this decision, it will be necessary to lay-off a further 1,400 employees in addition to the 2,051 sent home last Friday. All major production activity will cease by the end of this week.

"This dispute, after a long period of industrial peace at Linwood, will be a major setback to the company's plan to break even in 1980. Future investment in the plant must also be considered at risk."

Sainsbury and P&O show substantial increase in profits

By Our Financial Staff

Profits from big companies yesterday provided mixed news for stock markets. Sainsbury comfortably beat analysts' forecasts with a 41 per cent profit rise but results from Marks and Spencer and Sear's were at the bottom end of expectations.

More than doubled profits from shipping group P & O were overshadowed by a warning from Lord Inchcape, chairman, about conditions since the end of last year.

Marks and Spencer, which introduced price cuts last year to help keep clothing and textile stocks moving, revealed full-year profits up 7.5 per cent to £173.7m on a sales increase of 13.4 per cent to £1,543m. Mr Michael Sacher, vice-chairman, revealed that the group was negotiating with unions in an attempt to maintain profit margins in the present year.

Sainsbury surprised the market with its 41 per cent rise in pre-tax profits to £48m and the shares closed 14p higher at 520p. Sales were £2.27m with volume sales up by a tenth.

After tax and £32.1m contribution to the profit sharing scheme, earnings a share were by a third to 42.2p; the final dividend had been raised by 10p to 18p.

Nine new stores were opened during the year increasing total selling space by 5.6 per cent. Expansion is being increased; twice as many stores may be opened in 1980-81.

Sears Holdings, Britain's largest shoe group and the owners of Selfridges department store, blamed pressure on footwear margins from the VAT rise and heavy losses in its engineering division for the mar-



Mr Leonard Sainer, took over from Sir Charles Clode.

ginal rise in pre-tax profits to £92.8m last year.

Selfridges, the group's flagship, suffered from a lack of tourists last year with trading profits £1.5m lower at £10.6m. Miss Selfridge, the spokeswoman, slipped from £1.2m to £400,000.

The sharpest reverse came in engineering which moved into losses of £5m. The shares held steady at 40p helped by a 40 per cent rise in the dividend and the forecast from Mr Leonard Sainer, who succeeded Sir Charles Clode as chairman, that trading in this financial year was holding up.

P & O, the shipping and property company, yesterday reported pre-tax profits of £38.7m compared with £18.5m in 1978.

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Societies seek action over bank home loans

By Margaret Stone

Mr Leonard Williams, chairman of the Building Societies Association, yesterday suggested that the societies' interest rate "should be confined to the ordinary share rate only."

Speaking at the BSA's annual conference in Bournemouth, he said: "The mortgage rate in such circumstances might then be left to look after itself, for there are many other pressures that a recommended rate system which operates to keep it as low as possible."

Concern about the low level of interest rates—by competitive standards at least—and the freedom to raise nonstandard investment rate, however, appeared overshadowed by fears about the encroachment of the clearing banks and trustee savings banks into the home loan market.

Mr Williams, who is also chief general manager of the Nationwide Building Society, and Mr Ralph Stow, chief executive of the Cheltenham and Gloucester Building Society—the main speakers—referred to the short-fall in building society lending which has been taken up by the banks particularly, and insurance companies, which now account for about 20 per cent of home loans, a trend which has less than five per cent in the halcyon days of 1976-78.

Mr Williams said that when the Bank of England "corner" disappeared next month the big banks would be competing more vigorously for personal mortgage business.

Mr R. T. Gardner, chief general manager of the Bradford and Bingley Building Society, suggested that building society liquidity levels should be allowed to fall from the present level of 18 and a half per cent to 12 and a half per cent.

Chancellor rules out early cut in bank lending rate

Continued from page 1

0.25 over the month. This means that the annual rate of growth over the past six months has dropped to around 61 per cent, compared with the Government's target of an annual rate of growth of 7.11 per cent.

What is clearly disturbing the monetary authorities is the slowness with which private sector loan demand is responding to the recent record level of interest rates.

The authorities will almost certainly want to see a substantial improvement on this front before they are willing to reduce MLR.

What is more, they are now

approaching a period when the money supply figures are going to begin looking rather less healthy than they have done over the past few months.

One of the effects of the "corset" controls the Government used to regulate the banks was to leave lending out of the system, driving the process of monetary creation underground.

Once the corset is removed in June—last autumn's abolition of exchange controls removed most of its remaining usefulness—a great deal of this business is expected to return to the banks, temporarily inflating the money supply.

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BUNZL PULP & PAPER LTD

RESULTS FOR 1979

The 40th Annual General Meeting of Bunzl Pulp & Paper Ltd. will be held on 3rd June 1980 at 11.30 a.m. at the Abercorn Rooms, Great Eastern Hotel, Bishopsgate, London EC2. The following are extracts from the Report and Accounts for the year ended 31st December, 1979.

SUMMARY OF RESULTS		1979	1978
	£'000	£'000	
Turnover	229,783	206,250	
Group profit before taxation ..	13,659	12,793	
Earnings	7,661	7,375	
Earnings per share	29.3p	28.2p	
Dividends per share	6.57p	5.47p	
Including tax credit	9.39p	8.17p	
Net assets employed	87,513	82,406	

● Profits at £13.7m were £0.9m up on 1978. The importance of exchange rate movements on the results as expressed in Sterling is highlighted by the fact that at exchange rates ruling at the start of the year, the profit before tax for 1979 would have been £1.3m higher at £15.0m.

● The sale of Bunzl & Biach AG, Vienna, was approved at the Extraordinary General Meeting on 19th March, 1980 and concluded in Vienna on 24th April, 1980. As a result, borrowings are reduced by £18.7m and the gearing ratio improves from 46% to 10%.

● The proposed final dividend of 2.74p a share, payable on 1st July, 1980, together with the interim dividend and tax credits is an increase of 15% over the previous year.

● In the difficult and uncertain conditions facing the Company both at home and abroad, it would be premature to attempt to forecast results for 1980.

Copies of the Annual Report and Accounts for 1979 may be obtained from The Company Secretary, Bunzl Pulp & Paper Ltd., 21-24 Chiswell Street, London EC1Y 4UD.

PRICE CHANGES

Rises	
Drzewish	5p to 248p
Ever G	5p to 49p
Hongkong	15p to 625p
Lampo	22p to 593p
Freemier	3p to 913p
Falls	
Allen H. & Ross	10p to 353p
Chor Gold Fields	8p to 447p
Cashin R.	8p to 140p
Diploma Inv	1p to 452p
GKN	7p to 272p
Negretti & Zam	3p to 53p
Reverex	5p to 46p
Sainsbury J.	14p to 108p
Spear & Jackson	14p to 108p
Steel Bros	5p to 132p
Guthrie Corp	12p to 725p
Solihby PB	7p to 443p
Stock Conv	8p to 408p
Welcom	25p to 324p
W Rand Cons	14p to 244p
THE POUND	
Bank buys	

Talks on new cigarette advertising code expected to start soon

By Derek Harris
Commercial Editor

A final round of talks on a new code for cigarette promotion and advertising is expected shortly after an initiative by the tobacco companies on lower-risk cigarettes and promotional expenditure.

The companies are believed to have fallen into line with the recommendations of the independent scientific committee on smoking and health whose chairman is Lord Hunter.

The Hunter committee called for further reductions in tar yields from cigarettes, and for a cutting down of carbon monoxide content.

There have been protracted talks between the tobacco companies and the Department of Health and Social Security about a revised voluntary agreement on cigarette advertising.

There was no agreement by the end of March when the present code ran out, and the agreement has remained in force until a new deal could be hammered out.

The tobacco companies are understood to have told the Government that a new range of cigarette products offering markedly lower tar yields could be ready for launching on the market within two years.

Research is indicating that other suspect constituents, notably carbon monoxide, could be reduced at the same time.

The companies are also believed to be offering to spend a larger proportion of advertising allocations on promoting the new range of cigarettes than at present goes on advertising lower tar brands.

But another key move has been to agree there should be a complementary research and monitoring programme for which the industry is believed to be willing to put up around £1m a year to meet costs.

Cuts hit Third World

Sharp cuts in tobacco consumption would disrupt the farming economies of many developing areas of Asia and the Americas, *The Economist* Intelligence Unit said in a report published yesterday.

It said that the cuts sought by bodies like Action Against Smoking and Health (ASH) would lead to "serious economic and social dislocation".

The unit said that action by multinational cigarette companies in the Third World had stimulated improvements in methods and rural living standards. It believed that the companies had filled gaps left by aid agencies which were interested in stimulating only the growth of food crops.

This programme should be run by the Hunter committee, it has been suggested.

The industry also appears to be prepared to enforce a stricter code on advertising, such as might be thought possible to influence young people under the age of 18.

This might affect early evening television showings of pipe and cigar advertisements as well as some other media advertising.

A reduction in point of sale advertising, because so many cigarettes are sold through confectionary and newsagent businesses much frequented by children, has also been discussed.

But this runs counter to anti-smoking lobby arguments that all cigarette advertising should be banned except at the point of sale.

How far this will move the Government towards a final deal on a new voluntary agreement

Among the spin-offs are the demonstrated lessons on the value of crop rotation and soil analyses," the unit said. "There are the higher yields of succeeding crops that enjoy the left-overs of tobacco fertilization, and the benefits to other crops of the tillage machinery bought for use on tobacco lands."

The unit rejected claims that tobacco companies exploited farmers, but gave a warning that they needed to invest more in areas where their stocks were grown.

Dr Terence Burley, editor of the report, said yesterday: "If they took a broader view, they might get broader benefits. They really regard the farmer as a person who is there to produce tobacco and nothing else."

remains to be seen. Mr Patrick Jenkin, Secretary of State for Social Services, seems likely to stonewall on this when, as expected, he speaks in the debate on tobacco advertising in the House of Commons tomorrow.

The debate was called for by a group of MPs worried about the health effects of smoking. With the Government want-

ing tougher curbs on cigarette advertising, the present extent of such spending—rather more than £30m a year on television, posters and other media—still seems at some risk.

The industry appears to have accepted that there can be no increase in spending levels which, in real terms because of inflation, would mean a progressive reduction in effective spending.

But the industry's most potent argument is that if smokers are to be convinced of the wisdom of moving to even lower-tar brands then advertising will be necessary.

Advertising should also be allowed by the industry in order to allow competition between brands, and maintain consumer choice, the industry has argued.

One area of research which has been pursued in developing even lower tar brands has been into several hundred constituents which can improve the taste of cigarettes.

The Hunter committee recognized the problem of acceptability and suggested that a further substantial reduction in tar yields should be phased over five years.

But there have been arguments that progress towards lower-risk cigarettes should be much faster than this.

Microelectronics creates problems for disabled switchboard operators Easing jobs pressure on blind workers

A new technological design is being used to neutralize some of the side effects of advances made in switchboard microelectronics which could make blind workers redundant. The design is the work of Graeme Wood, from Imperial College, and was funded by the National Research Development Corporation (NRDC), the Post Office, the St Dunstan's organization for the blind and the Royal National Institute for the Blind (RNIB).

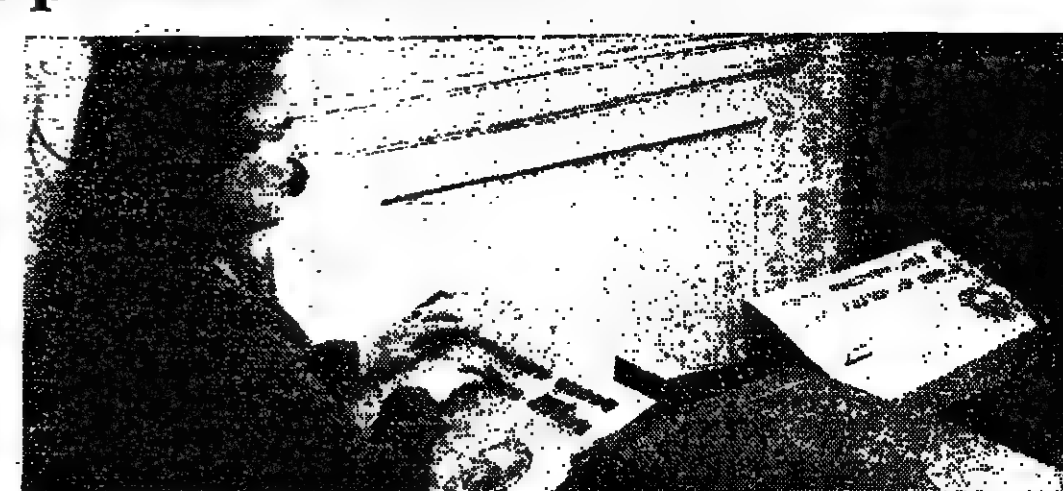
New small private telephone exchanges, used in business premises, have presented a number of operating problems for the blind.

To date these small private exchanges have been an essential source of employment for the disabled. Over 1,000 blind people rely on this type of employment but the age of microelectronics has meant that their present operational producers have become obsolete.

These old systems, relied on electromechanical switches and the heavy currents used in the designs made it simple to adapt to operators depending on touch.

The nature of microelectronic design means a great reliance on flashing indicator lights panels which cannot be adapted to suit the blind.

Organizations for the blind are extremely concerned about



The prototype of the adapted switchboard is used by the Royal National Institute for the Blind. The console is connected to equipment which gives verbal instructions to the operator.

the design since the manufacture of Private Automatic Branch Exchanges (PABX) has produced line up against this sort of benchmark.

The new device, called the Switchboard Advisory Module (SAM) will be developed in kit form and can be attached to the two new small Post Office PABX systems with less than 120 lines.

The RNIB is keen on developing a kit which can also be used on some existing manual exchanges that have proved difficult to adapt in the past.

are identified by the device calling out the line number. If an extension is engaged or unengaged the device tells the operator.

Using this technology on both fronts could improve employment prospects for blind people. Nearly 11,000 manual exchanges (called PMBX) are installed throughout the United Kingdom, and this is a principal market for the new product.

The Post Office will provide conversion kits for its two new models coming out this year—the Monarch with 120 lines and the Herald with 40.

The Manpower Services Commission will contribute at least part of the £2,500 needed for the conversion kit.

Britain may be unable to compete on price of nuclear components

By Nicholas Hirst
Energy Correspondent

Britain's nuclear industry may never be able to produce the key component of the American-designed pressurized water reactor (PWR) as cheaply as overseas suppliers, Mr Ron Campbell, managing director of Babcock Power, told the parliamentary select committee on energy yesterday.

Mr Campbell, who has been a leading figure in the nuclear industry for many years, said that if one nuclear reactor a year were ordered, according to the Government's commitment made in December, his company would not be able to compete on price for the pressure vessel with overseas companies.

The possibility of exporting a British version of the PWR has been used by its supporters as a reason for switching from the British-designed advanced gas-cooled reactors which the industry began building in the 1960s.

Mr Campbell told the committee that the British programme's turnover rate would be unlikely to enable costs to be brought down to a level where the British product would be internationally competitive. However, although the electricity authorities would be able to buy more cheaply from abroad, he believed it was important to ensure that pressure vessels could be made in the United Kingdom.

In the second half of the 1980s there would be a greatly increased demand worldwide for nuclear power. Other countries would look after their own programmes first, and without its own manufacturing capability, Britain might end up at the end of the queue.

Mr Campbell said a nuclear programme was necessary because coal production might not be able to be expanded sufficiently to meet a shortfall in energy supply as reserves of North Sea oil and gas began to decline.

Electricity would grow as a proportion of energy consumed, but whether it did or not, there

was a need for replacement of plant coming to the end of its useful life.

Replacement would be more important than the ordering of new plant. Between 1980 and 1990, new plants capable of generating 40,000 megawatts was ordered. The first of these plants would be 40 years old in 1990. A programme of replacement would therefore need to begin by 1983.

The nuclear industry would work most efficiently if there was a single ordering programme and if one body was responsible for the design and construction of each station.

At the moment responsibility is split between the electricity authorities as the customer, and the National Nuclear Corporation, the monopoly contractor.

Mr David Howell, the Secretary of State for Energy, intends that the corporation should be capable of running the whole contract for a nuclear station by the time the first PWR is ordered, which is planned for 1982. The relationship between the research arm of the CEBG at Barnwood and the design staff of the NNC, however, is still not clear.

Under present arrangements, Mr Campbell said, it was possible to have effort divided, causing design and delay.

An all-party committee of MPs is to investigate the decision of the Central Electricity Generating Board to end construction work at the oil-fired power station at the Isle of Grain power station in Kent.

The CEBG decided last month to stop all work on the site making a total of 2,000 workers redundant when notices run out in June. The decision was taken because of the failure to find a solution to a dispute over payments to 27 thermal insulation engineers, known in the trade as lagers.

Yesterday the parliamentary select committee on energy decided to conduct a short inquiry into the reasons for the CEBG's decision to close the plant.

J SAINSBURY

SAINSBURY'S

PROFIT UP BY 41%

SAINSBURY'S

PROFIT SHARE FOR 17,000 STAFF

SAINSBURY'S

EARNINGS PER SHARE UP BY 32%

SAINSBURY'S

SALES UP BY 22%

Resounding success built on consistent trading policy.

Salient points from the Statement by the Chairman, Sir John Sainsbury:

* Earnings per Share improved by 14.5% in real terms. During the last 10 years the real growth in Earnings per Share has been at an annual rate of 11% for a large business among the highest in the country and greater than any other U.K. retailer of similar size at the start of the period.

* This year is the most auspicious start to our Profit Sharing Scheme, and I am pleased to be able to report that some 17,000 staff with the two years' qualifying service will participate in the Scheme and that £2.2m will be distributed in the form of shares or cash depending on the employee's decision.

* The increase in sales of 21.8% was significantly higher than expected and shows a volume growth of over 10%. Only in 1978/9, the first full year of Discount Trading, have we achieved a higher annual increase in existing supermarkets.

PRELIMINARY RESULTS

Unaudited results - 52 weeks to 1st March 1980

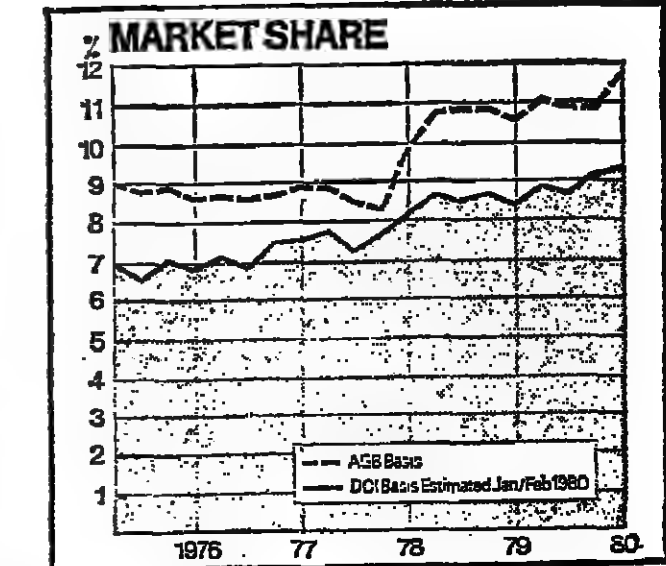
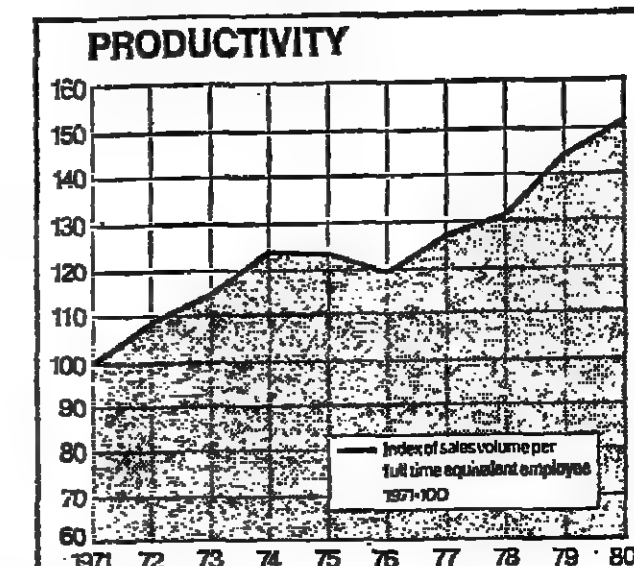
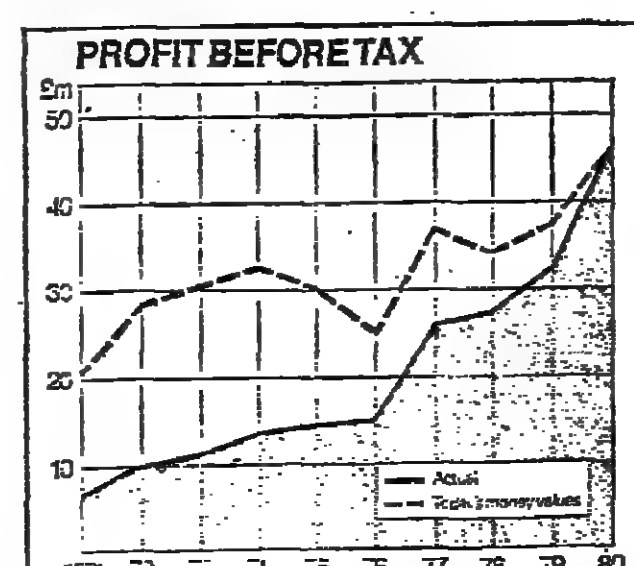
	1980 £000	1979 £000	% Increase
Sales	1,226,595	1,007,070	21.8%
Retail Profit	45,385	31,838	42.5%
Retail Margin	3.70%	3.16%	
Associate Companies	645	818	(21.1%)
Profit before Tax	46,030	32,656	41.0%
Profit Sharing	2,208	—	
Profit after Tax and Profit Sharing	35,071	28,406	32.8%
Extraordinary Item	4,364	—	
Earnings per Share	42.20p	31.83p	32.6%
Dividend - net for year	10.25p	7.12p	44.0%

* Over the year our policy of Discount prices has resulted in a further improvement in our competitive edge.

* Our share of trade in grocery outlets, measured against Department of Industry figures, reached 9.4% by the year end, compared with 8.4% a year earlier. For that sector of the grocery trade measured by AGB our share went up to 11.8% compared with 10.6%, and we showed a higher market share than any other grocery outlet in that part of the country where we trade.

* Stores in new areas are trading at a higher level than planned and last year our two busiest stores in terms of numbers of customers served were in Yorkshire and Derbyshire.

* As announced last year, our expansion programme is being increased, reflecting a greater success in obtaining planning permission. 1980/81 could well see twice as many new stores opened as this past year.



Good food costs less at Sainsbury's. Every year.

Feedex Agricultural Industries

Preliminary Results for 1979

- Increase of 25 per cent in net dividend after adjustment for the 1-for-4 Scrip Issue.
- Satisfactory result against a background of difficult economic conditions.

	1979 £000	1978 £000
Turnover	24,065	22,194
Group trading profit	841	1,041
Attributable profit	570	578
Earnings per share	4.36p	4.44p

* Adjusted for the Scrip Issue

AGRICULTURAL EQUIPMENT MANUFACTURERS
ANIMAL FEEDS • LIVESTOCK PRODUCTION

Copies of the Report and Accounts will be available from 3rd June and may be obtained from the Secretary.

FEEDEX AGRICULTURAL INDUSTRIES LIMITED
DAISY HILL BURSTWICK HULL HU12 2HE

BY THE FINANCIAL EDITOR

The message for interest rates

The gilt-edged market was perplexed by yesterday's April banking figures. Though it chose to opt for the Bank of England's guidance that sterling M3 may have grown by little more than one quarter per cent in banking April rather than the indication from the clearing banks that loan demand remains stubbornly buoyant, it may well change its mind today.

The Chancellor seemed to be making it clear in the Commons yesterday afternoon that the trend in bank lending was still not of the kind to permit an immediate cut in MLR. That is hardly likely to go down well in a market that has been working up a head of steam on the hope of a 15 per cent MLR within the next few weeks.

The figures indicate personal lending is now falling off markedly. This is likely to be felt initially on the department stores groups, as House of Fraser and Sear's yesterday are already starting to show.

But other retailers are holding up better than expected after last year's VAT rise although tax rebates in the autumn must have helped soften the blow. So, even if retailing looks to be heading for a more difficult trading period this year, profits should compare well with manufacturing industry generally.

Retailers

Across the sector

J. Sainsbury's profit of £46m was a clear £5m above expectations. No one had foreseen the strength of the second half; compared with a 7.2 per cent volume gain in the first half, the second produced a record 13.7 per cent rise.

Apart from the simple gearing effect of higher throughput on margins, profitability had also been enhanced by the strong volume in gains in profitable ranges like meat and fresh woods. In the second half net margins rose to 4.2 per cent and for the year as a whole were 3.7 per cent compared with a ten-year average of 3.3 per cent.

How far Sainsbury can maintain net margins in 1980-81 remains to be seen; sales remain encouraging and the latest AGS figures to the end of March show a further rise in Sainsbury's market share to over 12 per cent.

But cost pressures will be intensifying in the current year and the March wage settlement was in the region of 20 per cent. The outcome for consumer spending and the behaviour of the competition on pricing add to the uncertainty. Even an £50m before tax looks a conservative figure for the current year for a prospective p/e ratio at 320p of 11.

With a yield of 4.6 per cent after the 42 per cent rise in the gross dividend and CCA cover of more than three times, the shares should perform well against the sector.

Marks and Spencer's share price has been under some pressure since it introduced price cuts to get stock moving last August, and there is nothing in latest results—profits up 7.5 per cent to £173.7m—to suggest that M&S can trade its way back to its former status in a hurry.

For all its reputation, M&S now has to struggle with the rest in the High Street. Indeed, its quality image may not be entirely appropriate in current conditions all of which suggests that the substantial premium the shares stand at relative to the sector—a p/e ratio of 12 and yield of 5½ per cent at 87p—could be open to question.

However, in Canada there is an encouraging trend with a near £20m swing to profit of £1.3m and M&S at last seems to be winning acceptance among North American and Continental shoppers. Even so it will be some time before its overseas expansion becomes significant.

For once Sear's has not been able to count on the shoe side to keep up the profits momentum in a difficult year for retailing.

After the 36 per cent first-half advance to £24.4m, footwear trading profits slipped a tenth to £24.8m in the second half as margins were squeezed by the group's decision to absorb the VAT increase—costing it around £5m—and rising leather and wage costs.

Sear's has further slimmed down the shoe manufacturing division to 20 per cent of the United Kingdom market and with trading profits here of only £1.2m its reliance on huge gross margins on the retailing side is once again emphasized so there are still some nervous glances at the new look O.F.T. Otherwise the group's 1979-80 performance

ance, with pre-tax profits up by less than £1m to £92.8m, were below expectations.

The depressed market for knitting and tufted carpet machinery combined with the £2m cost of the engineering strike sent the engineering side reeling into losses of £6m. Department stores too have had a difficult time with Selfridges down £11m to £12.1m but bettering reversed the first half setback and the motor vehicle and property interests have both done better.

Despite the need for extra cash to finance the growth of the business, Sear's balance sheet is still comfortably placed to finance the acquisitions that look as though they will be needed to keep profits moving ahead.

Meanwhile, the shares yield 7 per cent at 40½p after the two-fifths dividend increase and the prospective p/e ratio is just over 8, still attractive for the stores sector.

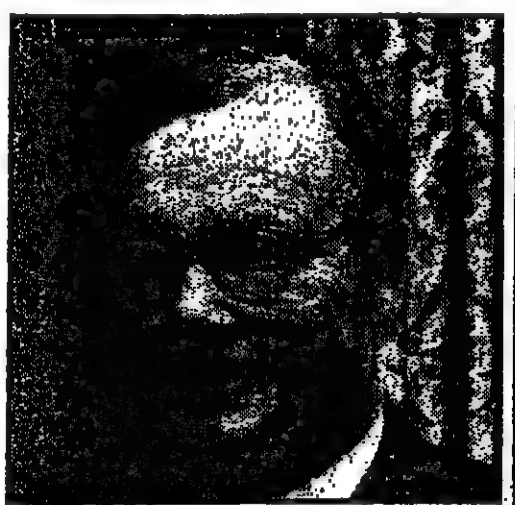
P & O

Current cost arithmetic

P. & O. came back into the limelight yesterday, with an improvement in profits from a comparable £18.5m pre-tax to £38.7m in 1979, comfortably ahead of most expectations even after allowing for the £4.2m effect of a change from FIFO to LIFO in one American subsidiary.

The improvement can be attributed to the elimination of loss-makers in the energy division, handsome profits from both the oil and the gas trading activities, and a cyclical improvement in the dry bulk trades—though this was more than offset by a downturn in general cargo and passenger services.

Shareholders, however, have only limited cause for rejoicing; for the group—which maintained its dividends last year—though



Lord Inchcape, chairman of P. & O.

they were short-earned—has merely rounded up the payout this year to 10p gross.

So far, P. & O. is stoutly maintaining that current cost accounting, as applied to assets which fluctuate in value as erratically as ships, and to activities which—in some areas—has every intention of running into the ground anyway, will simply produce a nonsense.

The prospect of applying CCA methods to the figures this year appears to underlie the caution on the dividend—that and the continuing fight to get the borrowings down. Last year, thanks to asset sales, they were reduced by over £100m; but the increase in interest rates has meant that the benefits have not shown through in the profit and loss account.

The group's shares are, therefore, an attractive buy on a prospect of lower interest rates, particularly as there is still some recovery to come on the shipping side. At 123½p they yield 8.1 per cent.

● Short-term dollar interest rates were still plummeting yesterday; six months Eurodollars reaching 11 per cent compared with almost 20 per cent a month ago. The fall may have been overdone, but for the moment at least it has resulted in the restoration of a "normal" yield curve for the first time since the summer of 1978.

So it is again possible to make a turn by borrowing short-term to finance bond portfolios held for trading or investment purposes. The bullish implications of this, if it lasts, are obvious, and there is already evidence of investors scrambling to get out of the deposit market and into bonds.

Economic notebook

Why it is not wise to jump off mountains

As the Government passes its first anniversary in office, its morale seems to be appreciably higher than seemed likely to be the case only a couple of months back.

In large part, of course, this is because it has succeeded in getting its voice increasingly listened to in the overseas arena, both in the EEC and beyond it. Doubtless its critics will be quick to suggest that this is just as well, since it has provided a convenient smoke-screen to deflect attention from the paucity of its domestic policies.

I suspect that the Government does not see things that way. If anything, I would think that ministers are feeling greatly encouraged by the signs that stage one of their monetary strategy is starting to work.

The evidence that growth in the money supply is being successfully reined back is becoming more conclusive by the month, albeit that bank lending is taking its time to respond. On the basis of yesterday's preliminary indications on monetary growth in the April banking month it looks as if sterling M3, the broad-based definition of money, has been growing at an annualized rate of no more than 6½ per cent over the last six months.

This compares well with an annualized rate of monetary growth of well over 15 per cent a year ago and the Government's present target of an annual rate of growth of 7-11 per cent.

While that is obviously a source of encouragement in its own right, its implications are equally significant. Quite simply, it means that the Government can feel that it has successfully scaled the mountain of exceptionally high nominal interest rates.

From the summit it presumably sees a golden valley of low interest rates stretching into the distance. The Prime Minister's apparent keenness to get down to those warmer climes is understandable.

Maybe she will have her way. More experienced mountaineers are, however, likely to remind her that one does not climb a great mountain just to jump off a precipice once one reaches the top. A successful descent probably needs more care than the original ascent.

Certainly history tends to show that once demand for money starts to decelerate it can happen very quickly. As a result the price of money often falls extremely rapidly as well.

The evidence that growth in the money supply is being successfully reined back grows more conclusive by the month

Nonetheless, dollar holders are extremely jumpy about the precipitate nature of the fall in interest rates in the United States over recent weeks, and their fears are quite understandable.

Moreover, as this Government well knows, welcome though the prospect of lower interest rates in the near future may be, its overall successes to date are limited. It is one thing to slow the rate of monetary expansion; it is quite another to maintain deceleration over a number of years.

In short, the Government still has to see precisely how its monetary strategy works on wages and prices and, secondly, to pursue its medium-term financial strategy to its conclusion. Logically, these should be no great rush to lower interest rates either.

medium-term strategy. Hardly surprisingly, the medium-term financial plan has taken a lot of stick. Indeed, in the sense that its assumptions are so precise as to be perfectly justifiable criticism, it presents the appearance of a totally naive exercise.

That is not quite the same, however, as saying that it would have been better not to open up the medium term as a forum of debate at all. What is important is that the bottom line, that is, decelerating growth in the money supply, has now been set down as a target.

It may not, of course, be that these targets will necessarily remain inviolate to minor adjustment. But it should mean that as it becomes possible to refine the assumptions and produce more plausible forecasts, a context will exist within which to open up a wider debate on priorities and options.

Some versions of imported articulated trucks—the most fiercely contested sector—cannot be coupled to a 12.19 metre trailer without breaking the law by half a metre. Yet this type of trailer accounts for nearly 90 per cent of the heavy haulers on Britain's roads.

A glaring example is the open flooring of the maximum vehicle length of 15 metres, some versions of imported articulated trucks—the most fiercely contested sector—cannot be coupled to a 12.19 metre trailer without breaking the law by half a metre. Yet this type of trailer accounts for nearly 90 per cent of the heavy haulers on Britain's roads.

Layland on the other hand went to great trouble to compress its new Roadtrain 32-38 truck to make it legal here. It is not surprising that the company's designers and engineers were very angry when foreign competitors claim that their longer wheelbase "arcs" give better standards of ride with less fore and after pitching.

Similarly some foreign articulated lorries do not have parking brakes on the front axle as required by British regulations. Mr John Davidson, Layland Vehicles planning director,

is unwilling to accept that the implied short-term reduction in living standards is either necessary or valuable against the background of mounting North Sea oil revenues.

That said, it would seem rather more foolish of the Government, now that it has gone ahead with its medium-term strategy, not at least to try to make a virtue of it.

How the debate can shape up will, of course, depend on how the economy, particularly wages and prices, starts to respond to monetary policy over the rest of the year. It may be that the Government has effectively abandoned any hope of rational expectations as likely to produce instant results. But it must be hoping for a turn in the tide in the second half of the year.

Its monetary success is, after all, more severe than it might appear. Money supply has been falling sharply in real terms for some months now. Assuming that the authorities could be looking for monetary growth of around 9-10 per cent this calendar year, and taking the price inflation forecast of some 16 per cent, it is clear that the squeeze on the real money supply will remain severe.

What kind of results this is going to produce is a moot point. At the moment it looks like a recession led by despoiling and a sharp cutback in some areas of capital investment. The fear in some quarters, however, is over what happens to the corporate sector once it has passed through the initial despoiling phase and is still confronted by an overvalued exchange rate and stagnant world trade.

Quite clearly, something will have to give. My bet is that it will probably be private sector savings, albeit that the Government is hardly lending much encouragement with its public sector wages policy. Certainly, there is no sign of any prospective easing of monetary stringency, even though there is no great rush to lower interest rates either.

Describing how LSE staff had been travelling the world to drum up custom, Dahrendorf said the "college's" resolve "to stand up to the 'failure' of government policy, which was geared to turning us into entrepreneurs."

Professor Alan Day, the economist, who is LSE's pro-director, said it was "extremely unsatisfactory" that the college should be compelled to be entrepreneurs, yet also to work within administrative constraints.

"If we decided to dispose of some of our properties, the money would have to go back to the Treasury," he pointed out.

But then, the LSE is after all a corporation registered under the Companies Act.

making. About £30,000 has been spent over the last five years or so on a prototype, but tests revealed "serious" problems of instrument reliability and efficiency under industrial conditions.

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How long must Britain be a soft touch for the lorry importers?

Britain is a soft touch for commercial vehicle importers. While the rest of Europe uses legislation to erect technical barriers against our lorries, buses and vans Britain remains the odd man out. No technical inspections of any kind are carried out on imported vehicles before they are sold.

As an example it took Leyland Vehicles two years to secure permission to sell its "Terrier" truck in France. A French equivalent could and does go on sale here immediately.

The problem is that although Britain has closed a similar gap on cars it does not have a "type approval scheme" for commercial vehicles. This would require them to be submitted for examination to see that they comply with British technical standards before they are admitted to the country.

Britain sticks stubbornly to its own system of checks after they reach our roads. Known as the Construction and Use Regulations, they are not only too late in their application but it is claimed, are not administered strictly enough.

A glaring example is the open flooring of the maximum vehicle length of 15 metres, some versions of imported articulated trucks—the most fiercely contested sector—cannot be coupled to a 12.19 metre trailer without breaking the law by half a metre. Yet this type of trailer accounts for nearly 90 per cent of the heavy haulers on Britain's roads.

Layland on the other hand went to great trouble to compress its new Roadtrain 32-38 truck to make it legal here. It is not surprising that the company's designers and engineers were very angry when foreign competitors claim that their longer wheelbase "arcs" give better standards of ride with less fore and after pitching.

Similarly some foreign articulated lorries do not have parking brakes on the front axle as required by British regulations. Mr John Davidson, Layland Vehicles planning director,

is unwilling to accept that the implied short-term reduction in living standards is either necessary or valuable against the background of mounting North Sea oil revenues.

That said, it would seem rather more foolish of the Government, now that it has gone ahead with its medium-term strategy, not at least to try to make a virtue of it.

How the debate can shape up will, of course, depend on how the economy, particularly wages and prices, starts to respond to monetary policy over the rest of the year. It may be that the Government has effectively abandoned any hope of rational expectations as likely to produce instant results. But it must be hoping for a turn in the tide in the second half of the year.

Its monetary success is, after all, more severe than it might appear. Money supply has been falling sharply in real terms for some months now. Assuming that the authorities could be looking for monetary growth of around 9-10 per cent this calendar year, and taking the price inflation forecast of some 16 per cent, it is clear that the squeeze on the real money supply will remain severe.

What kind of results this is going to produce is a moot point. At the moment it looks like a recession led by despoiling and a sharp cutback in some areas of capital investment. The fear in some quarters, however, is over what happens to the corporate sector once it has passed through the initial despoiling phase and is still confronted by an overvalued exchange rate and stagnant world trade.

Quite clearly, something will have to give. My bet is that it will probably be private sector savings, albeit that the Government is hardly lending much encouragement with its public sector wages policy. Certainly, there is no sign of any prospective easing of monetary stringency, even though there is no great rush to lower interest rates either.

Describing how LSE staff had been travelling the world to drum up custom, Dahrendorf said the "college's" resolve "to stand up to the 'failure' of government policy, which was geared to turning us into entrepreneurs."

Professor Alan Day, the economist, who is LSE's pro-director, said it was "extremely unsatisfactory" that the college should be compelled to be entrepreneurs, yet also to work within administrative constraints.

"If we decided to dispose of some of our properties, the money would have to go back to the Treasury," he pointed out.

But then, the LSE is after all a corporation registered under the Companies Act.

making. About £30,000 has been spent over the last five years or so on a prototype, but tests revealed "serious" problems of instrument reliability and efficiency under industrial conditions.

The project, which was undertaken by outside contractors, the British Non-ferrous Technology Centre has been called off. The government-backed Warren Springs Laboratory is now examining whether x-ray fluorescence analysis

says that the open-door policy is "a real handicap". "We are put to considerable expense, time and inconvenience to obtain national homologation in the countries of the Community. We are only asking for importers to be placed on the same footing in Britain."

The Society of Motor Manufacturers and Traders is the motor industry's main negotiating body but at working level it is dominated by the multinationals led by Ford, General Motors and Talbot. Backed by the main importers, the multinational's line appears to be: "We should wait for the EEC to come up with a type approval scheme for the whole of the Community."

The problem is that after years of talking the Nine are still a long way from agreement. It is far easier for Renault to export a lorry to Britain than, for example, to Germany. Leyland cannot sell its six-year-old Marathon diesel in Germany because type approval inspectors there have ruled that the handbrake is too close to the driver's seat.

It is hardly a coincidence that Germany's three indigenous truck manufacturers, Mercedes-Benz, MAN and Magirus Deutz, account for nearly 90 per cent of their home market. Italy is virtually shut to imports. Fiat alone has 80 per cent penetration. Volvo and Scania are in similar positions in Sweden.

This contrasts with the 20 per cent plus held in the United Kingdom by Leyland Vehicles, ERF and Foden, the only wholly United Kingdom financed commercial vehicle manufacturers.

The Department of Transport has come under increasing pressure to examine procedures at Heavy Goods Vehicle Testing Stations particularly those applied in the first annual MOT test. British truck-makers want tougher action to enforce compliance with existing regulations.

Critics of this proposal suggest that it would be unfair for vehicle operators to be penalized when they have no control

over the construction of their vehicle. They concede, however, that a number of prosecutions could result in unfavourable publicity for importers. That in turn would lead to bigger efforts to modify their vehicles before introducing them to Britain.

"Every lorry executive said: 'Every country in Europe has unique regulations which it administers to protect its own motor industry. In other words there is a very effective tripartite protection society comprising the government, the manufacturer and officialdom. No wonder we are regarded as such a soft touch.'"

Senior officials of the Department of Transport have held discussions with motor manufacturers at industry and individual level. It seems that one of the biggest obstacles to the introduction of a national type approval scheme is the cutback in government spending and reluctance to add to existing government services.

To this end the ministry meet are suggesting a very limited scheme restricted—at least initially—to such areas as noise, level, brakes, exhaust pollution and turning circles. Legislation of such limited application will hardly bring Britain into line with the extremely complicated regulations encountered throughout Europe. And it is in the long drawn out administration and interpretation of pages and pages of detailed specifications covering even minor pieces of truck equipment that the competition have shown so much expertise.

Mr Norman Fowler, the Minister of Transport, is expected to issue a consultative document on the subject shortly. It will then be open to manufacturers to make more detailed representations. On that sort of timing it will be another 18 months before legislation could reach the statute book. In the meantime the importers are happy and British truck manufacturers are more and more frustrated by the inequality of the present system.

Clifford Webb

Sir Keith's unusual arithmetic

Malcolm Brown

on their faces but will collect a swag of no less than £1m to ease their pains: Mr Arkinson will get congratulations on all sides, and perhaps a knighthood, but will have paid £21,000 in lost potential earnings for the pleasure.

Now will it do to trot out the argument about the need to pay Lazard for the loss of earnings which leading Mr MacGregor to the BSC will involve for them; for in the extreme case under consideration it is surely fair to assume that Mr MacGregor does a bad job at British Steel—and many have before him—then he might equally well have done a bad job at Lazard and actually lost them money.

Now paying out more for a lower than you pay for a winner may be Sir Keith Joseph's idea of restoring incentive to British industry, but the logic of it will elude most others.

It matters not a whit whether the above is a fairly outcome-born man will probably do a moderately good job in very difficult circumstances. What matters is that it could happen.

All of which is perhaps a rather long-winded way of saying that Sir Keith and Mr Thatcher cannot reasonably justify the manner of Mr MacGregor's appointment as to provide an industrial environment in which their own industries can thrive and become profitable. The truth rather than the Secretary of State for Industry has had rings run

round him by a very able and shrewd negotiator and in his ensuing dialogue has dropped a resounding clanger.

Were this all just a question of Sir Keith's political reputation it would not much matter; he has made some curious judgments in the past and like any politician, will just have to soldier on with the consequences.

But it is much more serious than that. For among the problems which Sir Keith inherited when he came to office was an Alice-in-Wonderland confusion of rationalized industry salaries. State industry chairmen, running major industries were paid significantly less than private sector industrial bosses who often carried much less responsibility, and in several cases senior executives below board level in state industries were being paid more than some directors of their industries. The reform of taxation at the top end of the salary scale has only exacerbated that situation.

In playing the MacGregor card Sir Keith has made two unforfeitable things; first, he has demonstrated to other state industry chairmen and directors that he has no real notion of how to unravel the pressing problem of their remuneration; secondly, he has demonstrated to them that the man whom they have ultimately to trust to provide an industrial environment in which their own industries can thrive and become profitable is a man whose judgment on large, strategic issues is, to say the least, faulty.

Henry Boot

Highlights of the 1979 Annual Report and Statement of the Chairman, Mr. E. H. Boot

- Final dividend of 10p per Ordinary Share recommended making a total of 13p.
- Construction re-organisation substantially completed.
- Homes sales disappointing; demand good but potential purchasers having mortgage problems.
- Railway Engineering secured substantial contracts at home and overseas.
- Foundry results affected by bad weather and strikes.
- Joinery made considerable contribution to profits and an encouraging start to 1980.
- Plant increased turnover and profit.
- Property performing satisfactorily and increasing its profitability.
- Development trading satisfactorily, prospects viewed with reasonable confidence.
- International policy continues to expand overseas trading.
- The Group returned to trading profit in 1979; it is expected that 1980 will be a more profitable year.

	1979	1978
Turnover	£2,014	£7,957
Profit (loss) before taxation	2,227	(3,685)
Taxation	(399)	(1,957)
Profit (loss) attributable to members	2,626	(1,738)
Ordinary dividend	690	(113)
Earnings per 50p Ordinary Share	49.1p	(33.1p)
Total dividend per Ordinary Share	13p	25p

Copies of the Report and Accounts obtainable from the Secretary, Henry Boot & Sons Limited, Banner Cross Hall, Sheffield S11 5PD.

CONSTRUCTION CIVIL ENGINEERING
HOMES RAILWAY ENGINEERING FOUNDRY JOINERY
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FINANCE INTERNATIONAL

Business Diary: A Hitchcock mystery solved • LSE's entrepreneurs

Alas, there is no longer any mystery about what will happen to Sir Alfred Hitchcock's last film, three years in production, *The Short Night*, a spy thriller based on the exploits of the British agent George Blake.

The late maestro of the macabre was diligently working on the film shortly before his death. But now the project is likely to be allowed to die of natural causes.

There is a finished screenplay—on which the Oscar-winning Ernest Lehmann worked, but the project seems to have died along with Sir Alfred.

In fact insiders at the Universal studios tell *Business Diary* it probably would never have been made even if Sir Alfred had lived.

The story is that in a rare example of corporate decency the moguls at Universal permitted the ailing Sir Alfred to come into his office every day, hold story conferences, interview actors, order new scripts and faced the entire bill knowing it would never get finished.

"It was just Hollywood's way of paying him back for all he has given us," said an executive at the studio.

Still nobody at the studio will actually deliver the coup de grace. "It's in limbo," said one, and asked if a Hitchcock disciple could take up the master's unfinished work, he added, "how could anyone try to fill his shoes?"



LSE pro-director Alan Day yesterday: entrepreneurship

In the normal course of events Tory education under-secretary Rhodes Boyson could expect to be touched for a few bob by Ralf Dahrendorf, director of the London School of Economics. Yesterday, after all, Dahrendorf gave details of a fund-raising drive among LSE alumni such as Boyson to see the hard-up college over the next 18 months.

But I think it is unlikely to happen, because, according to Dahrendorf, the LSE is short of cash as a result of the very education spending cuts so enthusiastically championed by Boyson.

Far from approaching Boyson, however, Dahrendorf and the LSE staff are thumbing their noses at the minister and all his works. The LSE, the director said yesterday, will recruit more foreign students, whose fees will replace state funds withheld by the Tories to reduce the number of foreign students.

● The development of a reliable instrument capable of continuously monitoring emissions of lead from industrial chimney stacks would, no doubt, come as a breath of fresh air to the Government's Health & Safety Executive.

For several years, the executive's Alkali and Clean Air Inspectorate has been looking for just such a gadget to place present sample checks on emission. Its use would probably be included in a code of practice for industrial premises using lead, as in battery

tion department which runs the airline, airports and air traffic control, appeared to be unimpressed by its leader's deal. Although British Airways included the new route in its timetable which came into operation on April 1 (a significant date in this case, perhaps?) so little progress has been made that it has now withdrawn its negotiator who has languished in Peking for two months.

British Airways' management is puzzled by the lack of enthusiasm in Peking for the new service.



LSE director Ralf Dahrendorf yesterday: "absurd" education cuts

making. About £30,000 has been spent over the last five years or so on a prototype, but tests revealed "serious" problems of instrument reliability and efficiency under industrial conditions.

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Even which? people can slip up. David Trench, legal adviser of the Consumers' Association, was using a *Consume* Regulator at his home recently when it began to belch smoke and sparks. The shower is condemned in this month's *Handyman* "Which?" as "electrically unsatisfactory" after a *Consume* Regulator test showed that water could reach the live electric terminals.

Ross Davies

FINANCIAL NEWS

Stock markets

Prices slip after bank lending figures

Nervousness in front of the bank lending figures and the money supply rates left the markets drifting down all day. The figures confused the market at first because of messenger strike distortions but were in line with expectations. They did nothing to improve share prices and the prospect of an early fall in interest rates appeared to be discounted by the end of the day.

Some equity dealers also believed that the market's recent rise had to slow down yesterday with the holiday account drawing to a close and the relief generated by the end of the siege at the Iranian Embassy faded away.

Nonetheless, the feeling was that the market was still essentially firm, although by the close the FT Index was at its lowest ebb of the day, 55 down at 439.4.

Government stocks saw the greatest changes of the day. Long-dated securities went 1/2 into retreat in the morning, a move which had started the previous night. The first reaction to the M3 figures was to help longs, but within an hour the influence of the bank lending figures and their implications was more keenly felt.

The overall result was to push prices around 1/2 lower than Tuesday, while the shorter-dated stocks hovered in the lower levels until lunchtime. After the announcement investment demand forced them up 1/2 higher than the morning, but

prices slipped away again. The cut in Chase Manhattan's prime rate at 3.30 pm to 17 per cent produced another small rally.

Anxious buyers chased Lasso 30p up to 603p at one time yesterday on word that British Petroleum or the German Deminor group could launch a takeover bid. The oil giant, which successfully bid for Oil Exploration, moved against the sector trend and closed 22p up at 593p.

but shorts finally closed with 1/2 losses on the day. The new rap, Exchequer 131 per cent 1992, did not generate much interest, and dealers believe that there will be no rush to tender today.

A long string of results from big-name retailing companies also failed to excite the market, with the exception of J. Sainsbury which gained 20p to 326p after a 41 per cent profit growth and a 44 per cent dividend rise.

Marks & Spencer, whose profits of £173m were in line with expectations, stayed unchanged at 88p, and Sears Holdings was steady at 41p with a dull set of results. But a warning from the chairman of P & O on profits for the current year overshadowed the more-than-doubled earnings for 1979 and the shares eased 1p to 124 1/2p.

Millets Leisure rose 6p to 150p after a 28 per cent earnings improvement while furniture shares were dull following

a disappointing set of results from Gomme Holdings, which slipped 2p to 38p. In construction, Whesoe lost 8p to 50p after the first-half profits set-back and Costain was clipped by the same amount to 140p despite a near-rebelling of the dividend. George Wimpey's sale of its 10.8 per cent stake in John Mowlem shaved 3p from Mowlem's shares and 1p from Wimpey. Wimpey said that the sale was a normal investment transaction.

The long-awaited bid for George Ewer by T. Cowie which finally materialized yesterday boosted Ewer by 2p to 49 1/2p.

while I. Cowie dipped 1p to 40 1/2p. Corall's annual report resulted in a 3p fall to 59p, but Spear and Jackson put on 8p to 108p after suggestions that Wilkinson Match may be bidders.

Christies International lost 4p to 188p after the previous day's gains, which were prompted by suggestions that the Office of Fair Trading had decided to pursue its case over the auction houses' commission rates. Sotheby fell back 7p to 443p.

The blue chip stocks reflected the state of the gilt market, and most prices drifted

back ending with an average loss of three pence each. ICI lost 4p to 378p, while a bearish report on Unilever, which suggested short-term despondency with the same growth as last year, left a weak market for the shares. The Enghien 8p down at 413p. Dunlop settled back at 62p, 1p after a large line of shares went through the market on Tuesday, pushing the price in levels it failed to sustain. The annual report, due today, was expected to be fairly encouraging. Fisons, at 287p and Beecham at 118p were 2p down, while Grand Metropolitan lost 1p to 127p. Tarmac

was 4p off at 235p while Blue Circle Industries was 4p down at 322p. Courtaulds fell 1p to 68p.

In engineering, stock came on sale before the banking figures and most finished about 3p down. Hawker Siddeley was 178p, 6p off and GKN lost 7p to 272p. Vickers finished 4p lower at 120p.

Aurora Holdings chairman Mr Robert Atkinson's appointment as head of British Shipbuilders drew out a seller of 87,000 Aurora shares yesterday, which left the price 2p up at 55p. Mr Atkinson was emphatic that he had not sold out, saying: "I'd rather buy the shares than sell," he said.

The big four banks showed little response to the banking figures. National Westminster was unchanged at 328p while Barclays gained 2p to 428p. Midland added 3p to 341p and Lloyds dipped 1p to 295p. Royal Bank of Scotland was unchanged at 85p with results due today. Equity turnover for May 8 was 58.63m (number of shares 13,701). The most active stocks according to Exchange Telegraph were Premier, P & O, Carless Capel, ICI, National Westminster, Lasso, Comp Gold, Marks & Spencer, Birmah, RITZ, BAT Industries, GEC, GKN, Tarmac and Allied Breweries.

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
Int or Fin	£m	£m	per share	pence	days	total
Alford (F)	(—)	0.47 (0.39)	(—)	8.5 (6.7)	11.7	12.5 (10)
Brit Enkaton (F)	60.5 (53.6)	2.15 (0.23*)	7.3 (3)	(—)	(—)	(—)
Exclator Estate (F)	(—)	2.18 (1.65)	3.11 (2.89)	1.45 (—)	26.7	2.9 (1.93)
Cent Mig (I)	43.5 (33.8)	1.13 (1.42)	2.5 (4.1)	1.65 (1.55)	4.7	(—3.3)
J. A. Devosish (I)	6.0 (5.59)	0.21 (0.14)	(—)	3.21 (3.03)	14.7	(—7.35)
Dhamat Hldgs (F)	0.036 (0.031)	0.004* (0.01*)	2.57* (5.1*)	4.0 (4.0)	3.7	4.0 (4.0)
Enghien (F)	(—)	0.61 (0.47)	(—)	3.5 (2.96)	31.5	6.86 (6.14)
English & Int (F)	(—)	0.61 (0.46)	(—)	3.5 (3.2)	28.7	5.4 (2.5)
Feedex (F)	24.06 (22.2)	0.83 (1.04)	4.36 (4.44)	0.88 (0.7)	4.7	1.53 (1.23)
Gomme (I)	17.9 (15.0)	1.21 (0.7)	(—)	0.88 (0.88)	3.7	(—4.06)
Matthew Hall	220 (175.4)	7.57 (7.17)	33.55 (22.3)	5.46 (3.35*)	1.7	10.51 (8.44)
Lon & Provincial (I)	(—)	0.23 (0.23)	1.03 (1.03)	0.3 (0.36)	2.7	(—1.29)
Maitson Denny (F)	225 (208)	9.19 (10.0)	17.37 (15.26)	2.25 (1.86)	2.7	3.75 (3.11)
Marks & Spencer (F)	1,543.5 (1,360.8)	173.7 (161.6)	12.1 (11.58)	1.91 (1.46)	2.7	3.42 (2.51)
Millets (F)	14.1 (12.0)	1.61 (1.26)	27.7 (21.0)	4.0 (3.3)	10.7	6.9 (3.3)
Samuelson (I)	(—)	0.26 (0.6)	(—)	(—)	(—)	(—8.77)
J. Sainsbury (F)	1,227 (1,007)	46.0 (32.7)	42.2 (31.8)	7.25 (4.85)	25.7	10.25 (7.12)
Sears	1,259 (1,106)	32.8 (22.0)	7.0 (5.9)	1.3 (0.94)	(—)	2.0 (1.44)
Talbot Gp (I)	8.23 (6.5)	0.86 (0.2*)	0.23 (0.83*)	(—)	(—)	(—)
Trust Union (F)	(—)	2.04 (1.51)	2.79 (2.24)	1.51 (1.25*)	26.6	2.7 (2.14)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pre-tax and earnings are net. * Less, † adjusted for scrip. ‡ Net profit. § Including 10.8p from deferred tax written back. * Adjusted for bonus issue.

Guardian Royal Exchange Assurance

"1979...in a very difficult year our earnings per share are only slightly below the record results achieved in 1978"

From the Statement of J.E.H. Collins, MBE, DSC, Chairman

The most important development for the Group occurred as the year ended when we acquired the Midwestern Fidelity Corporation, an insurance group writing most classes of short-term business. This company is based in Ohio and, with our other American interests, has established the United States as a territory of major importance to us. The past record of the company has been excellent and the management are remaining with the Group. We look forward to opportunities of mutual assistance in increasing profitability.

Results and Dividends

The summary of results shows that in a very difficult year for insurance companies we have fallen short of our hopes of bettering the record results achieved in 1978. Nevertheless, despite abnormally severe weather in the northern hemisphere both early and late in the year and results in France and Canada declining to a greater extent than we had anticipated, our earnings per share are only slightly below those of 1978. Investment income and life profits performed fully to our expectations, the reduction in the latter being due to the exceptional profit of £1.9m in 1978 arising out of the vesting of part of the terminal bonus distribution in the United Kingdom.

The effect of exchange rate fluctuation was to reduce premium income by £33.3m and investment income by £7m but short-term underwriting was little affected.

The Directors have recommended the payment of a final dividend which, with the interim payment made in January 1980, will constitute an increase of 16.4% compared with the dividend paid in respect of the year 1978. After payment of these dividends retained profits have increased by £23.8m.

United Kingdom

We achieved very satisfactory growth but severe weather in the early part of the year and in December

cost the account over £4m. Also, the effect of the Government's sharp increase in value added tax as part of their restructuring of the nation's taxes was very expensive to the insurance industry as it affected not only claims arising after the date of the change, but also claims which were awaiting settlement at that date. The attendant acceleration in the rate of inflation was reflected in the Group's salary bill in the latter half of the year. Despite these difficulties the Accident department contributed an excellent profit, but the Fire and the Motor departments incurred losses. In the case of the latter, the claims frequency rose for the third year running and we have again found it necessary to increase premiums from 1st May 1980.

The difficulties which have beset the marine market in recent years, arising from over-capacity and excessive competition, were further compounded in 1979 by a dramatic rise in the volume of tonnage totally lost, which exceeded that of the previous year by no less than 64%.

Other Territories

Arising out of our remedial measures in Germany and helped by an increase in motor rates there have been signs of recovery though underwriting conditions remain very difficult. Further improvement will only be attained if more responsible attitudes emerge in the market and, as regards personal lines, if further increases in rates can be obtained.

In Canada results bore up well until the last quarter but a substantial decline then occurred. The outlook for the coming year is most discouraging with an all too rapid return to depressed rates and irrational competition.

As I mentioned last year, the level of competition in Australia is very worrying but the results we achieved remain good in relation to market conditions. We were again assisted by profits from the Marine department and from Papua New Guinea.

Our results in the United States have benefited by the inclusion for the first time of Fiduciaries Inc. In view of the continued growth the profits achieved can be considered very satisfactory and we look forward to 1980 when they will be enhanced by those of Midwestern Fidelity Corporation.

The most disappointing aspect was the serious deterioration in France. There were further areas of difficulty in Liberia, the Republic of Ireland, Spain and the West Indies, where hurricane David cost £1.5m. We achieved very good results in Brazil, Kenya, Malaysia and South Africa.

Life

Once again I am pleased to report substantial growth in the overall volume of new business written: new annual premiums increased by 16%.

The return on the investments of the Guardian Life Fund continued to rise, and experience in other respects was generally satisfactory. As a result, and in spite of our concern at the impact of inflation on our current and future expense levels, it proved possible again to increase rates of declared bonus for all participating policies on the United Kingdom register and for certain policies on the overseas registers. For most United Kingdom policies this was the fifth successive year in which declared bonus rates had been increased, and on a comparable basis a satisfactory increase in profits was obtained.

The new linked contracts written by GRE Linked Life Assurance Limited have been welcomed in the market and the funds under this management exceeded £3m at the end of 1979. New specialist funds were also introduced by GRE Pensions Management Limited in October 1979 to enhance our product range and increase our prospects for growth in the pensions market. We have launched in recent weeks important new products in the fields of pension provision for the self-employed and protection for dependants.

Staff

During the year inflation, exacerbated by the oil crisis, has contributed to the demands made upon our staff worldwide. In particular this factor, combined with increasing competition and the necessary managerial actions taken to combat these problems, has resulted in considerable pressure on staff. New technologies present challenges which I am sure will be met and turned to advantage. The continued efforts of all staff in such difficult circumstances are recognised and appreciated.

Prospects

In the United Kingdom, where the business is so important to us, there are hopes of improvement if we can manage to overcome the pressure of inflation both on expenses and on cost of claims. We have certainly had a much milder winter than in the early part of 1979 and we will not have to bear a similar arbitrary burden to the sharp increase in value added tax applied in 1979. On the other hand, we shall require to meet a rather higher salary cost in 1980 and increases in premium to meet higher outgo are subject to some delay before being fully earned in the revenue account.

Elsewhere we look for higher profits from America but underwriting conditions in Germany, Canada and Australia will continue to be difficult.

Summary of Results

	1979	1978
	£ millions	£ millions
Premiums written—Fire, Accident, Motor and Marine	660.7	619.7
Investment Income	90.3	77.1
Less Interest Payable	7.9	6.7
Transfer to Profit and Loss Account—Fire, Accident, Motor and Marine	82.4	70.4
Life	(13.6)	4.8
Profit before Taxation	75.8	83.3
Less Taxation	33.3	40.9
Profit for year after Taxation	42.5	42.4
Less Preference and Minority interests	1.7	1.1
Profit for year after Taxation available to Ordinary Shareholders	£40.8m	£41.3m
Dividends to Ordinary Shareholders	£17.0m	£14.6m
Transfer to retained profits	£23.8m	£26.7m

Copies of the Annual Report for the year 1979, containing the Chairman's Statement in full, are obtainable from The Secretary, Guardian Royal Exchange Assurance Limited, Royal Exchange, London EC3V 3LS.



Guardian Royal Exchange Assurance

"One of the world's great insurance companies"

Weather holds back profits at M Hall

By Catherine Gunn
The last six weeks have seen the best weather in Britain for the construction industry in a long time, to the satisfaction of Sir Rupert Speir, chairman of Matthew Hall, the construction oil and chemical engineering group.

The picture a year ago was very different, when the bitterly cold weather, and later the engineering strike, made inroads of £400,000,000 into Matthew Hall's 1979 profits. Pre-tax profits to December 31 were £7.5m against £7.1m in 1978, on turnover up 44.5m to £230m. Loss-makers George Bilclough and Holliday Hall cost the group £700,000 between them and have been reorganised. Holliday Hall is now in profit, but Bilclough is only expected to break even this year.

Of pre-tax profits, £2.82m came from oil, coal and chemical engineering and £1.81m from the mechanical and electrical services side. Interest received rose by £976,000 to £2.84m.

The group has tightened up on cash collection and pre-payments and during the year had between £15m and £17m in cash on deposit. At the year-end that had reached £20m. Deferred tax of £1.84m from 1973-74 no longer required to be paid has been written back, reducing the



Sir Rupert Speir, chairman of Matthew Hall

effective tax rate to 24.3 per cent of pre-tax profits. There may be a further £2m clawback next year. The current deferred tax balances are roughly £8m.

The gross dividend has risen just over a quarter, where yields 8.2 per cent at 184p.

The group has contracts in the North Sea (where it builds and services platforms) and 1983. It hopes for fresh business from the gas-gathering project if it goes ahead. Meanwhile, it is expanding into the United States and Singapore.

Briefly

J. A. Devlin: Turnover for half-year to March 31 rose from £5.39m to £5.5m, and pre-tax profits from £145,000 to £159,000. Interim dividend raised from 3.03p to 3.21p gross.

Trust Union: Total income for year to March 31 reached £2.47m, against £1.96m, including special non-recurring income of £235,000 (nil last year). Total gross dividend raised from 3.03p (adjusted for scrip issue) to 3.85p. Total dividend of 4.28p gross forecast for current year.

London & Provincial Shop Centres (Holdings): Gross rental income for half-year to December 25 rose from £602,000 to £1,011m. Pre-tax profits £234,000 (£23,000). Interim dividend raised from 0.32p to 0.71p gross. Board will pay final of 1.58p, which would make total of 2.29p gross (against 1.83p last year). Gross rental income expected to rise to about £2.25m for full year (£1.41m), increasing to about £2.5m pa from completed development properties in year starting June 25, 1980.

Nicor Inc.—A listing has been granted by the Council of the Stock Exchange for the prospectus of 22,193,577 issued and reserved shares of common stock in Nicor. The listing is Nicor's first outside the United States and will be linked with Nicor's policy of encouraging international interest in the company's equity.

Rendall Group: Chairman told annual meeting that profits for first quarter are ahead of last year and confirms that, to date, the company is on course for another record year.

Dhamat Holdings: Turnover for 1979 £36,000 (£31,000). Loss after all charges including tax £4,000 (£1,000). Loss before tax £5.1p (£5.1p). Dividend paid at 0.71p gross.

Nailium Group of Nottingham: Preference dividend for half year to June 30, payable on June 30 will not be paid.

British Dredging Co and Rendall Group: The jointly owned British Dredging (sand & gravel) have agreed that £500,000 being part of the loan by BDC to BD will be repaid in order to provide additional working capital for BDC. To facilitate this repayment RMC has advanced in BD (£5 & G) the further sum of £500,000. Beneficial Corporation, the United States-based finance group is raising a £20m Euro-sterling 10-year issue. The coupon is 14 1/2 per cent and the bonds are to be issued at par. The issue compares favourably with yields to be obtained currently on gilts and is in line with similar bonds quoted on international markets.

Feedex Agricultural Industries: Turnover for 1979, £24.06m (£22.9m). Pre-tax profit, £832,000 (£1,04m). Total gross dividend 2.19p (against 1.78p, adjusted for scrip issue).

Central Manufacturing & Trading Group: Turnover for half-year to Jan 31, £43.52m (£33.81m). Pre-tax profit, £1.13m (£1.42m). Interim dividend £1.13m (£1.13m). Interim payment unchanged.

The Co-operative Bank is to expand its branch network by about 30 per cent in the next decade. Sir Arthur Sudeen, the chairman said yesterday. Plans are to be based on the number of branches from £1 to 100. He also pointed out that the Co-operative Bank already operates 850 "handybanks" which provide basic banking services in major cash stores, and 3,700 cheque cashing points within stores.

English & International Trust: Revenue for year to April 5 after all charges including tax, £12,000 (£457,500). Dividend 7.1p (£1.1) gross. Net asset a value a share 127p (134p).

T Cowie poised to bid for Ewer

By Peter Wainwright

Mr Tom Cowie, chairman of T. Cowie, the North of England Ford motor trader which made £1.6m before tax in 1978-79, is poised to make his second takeover bid in three years.

Three years ago he tried an ill-fated buy of Colmore Jones men, after starting with 29.9 per cent stake. Today M Cowie has 29.9 per cent of George Ewer and is poised to bid, if he can stop Ewer taking over an unquoted concern Eastern Tractors, an acquisition which would water down his stake.

Three years ago Cowie was advised by Charterhouse Group Today Mr John Gilling, a Samuel Montagu lawyer, is the agent. Against Mr Tom Cowie's bid Mr Henry Ewer, who presides over Grey-Green coaches and a string of motor franchises for Ford, Vauxhall and BL, is advised by M Brian Cox of Barclays Merchant Bank.

Ewer's shares were suspended at 49 1/2p, valuing the group at just over £8.5m. Pre-tax profits totalled £1.5m in the year to last September.

To stop Ewer swallowing Eastern Tractors, Montagu applied to the Stock Exchange on April 30. It said that the acquisition was sufficient "material" for it to be referred to shareholders in general meeting. It has had no success, however, that "at the present time, this situation remains unclarified".

There is an impression that the Stock Exchange will pronounce shortly. Put roughly the rules say that an acquisition is "material" if it adds 15 per cent to a group's profits, market value, or capital. If material, then the group must issue a circular to its shareholders. But to enforce a shareholders' meeting the percentage rises to 25 per cent.

Ewer's shares hardened 2p to 49 1/2p yesterday.

Bank Base Rates

ABN Bank	17%
Barclays Bank	17%
BCCI Bank	17%
Consolidated Credit	17%
C. Hoare & Co.	17%
Lloyds Bank	17%
London Mercantile	17%
Midland Bank	17%
Nat Westminster	17%
Roxminster	17%
TSB	17%
Williams and Glyn's	17%

* 7 day deposit on sums of £10,000 and under 15%, up to £25,000 15%, over £25,000 15 1/2%.

M. J. H. Nightingale & Co. Limited
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

The Over-the-Counter Market

High	Low	Company	Price	Ch'ge	Divid	Yld %	P/E
99	60	Airsprung Group	56	+1	6.7	10.2	+3.9
50	26	Armitage & Rhodes	51	—	3.8	12.3	+2.0
275	185	Bardon Hill	275	—	13.8	5.0	+8.1
100	80	County Cars Pref	80	—	15.3	19.1	—
101	63	Deborah Ord	93	-2	5.0	5.4	10.2
114	88	Frank Horsell	114	+2	7.9	6.9	7.1
129	98	Frederick Parker	107	—	12.8	12.7	6.6
156	102	George Blair	107	—	16.5	15.4	4
70	45	Jackson Group	69	—	5.2	7.5	+4.1
153	110	James Burrough	110	-2	7.2	6.6	9.6
300	242	Robert Jenkins	285	—	31.3	11.0	+9.1
232	175	Torday Limited	222	—	14.3	6.4	+5.8
34	11	Twinkl Ord	15	-1	1.1	1.1	+2.9
80	70	Twinkl 12 1/2 ULS	75	—	12.0	16.0	—
56	23	Unilock Holdings	48	—	2.6	5.4	10.2
50	45	Unilock Holdings New	45	-1	2.6	—	9.6
99	42	Walter Alexander	95	+1	4.4	4.6	6.3
200	136	W. S. Yates	200	+3	12.1	6.1	+3.3

* Accounts prepared under provision of SSAP15

* Accounts prepared under provision of SSAP15

FINANCIAL NEWS

Mallinson cuts tax bill

By Michael Prest
By ensuring that it was entitled to the maximum stock relief at the end of the year, timber importer and distributor Mallinson-Denny slashed its tax bill and increased after-tax profits last year from 17.74m to £10.3m before extraordinary items.

Pre-tax profits, by contrast, fell from £10m to £9.2m. But Mr Thomas Macpherson, the company's managing director, said that although Mallinson-Denny would have cut its interest charges by about £1m if stocks had been lower, thereby obtaining bigger pre-tax profits—the after-tax figure would have been much lower.

Moreover, Mr Macpherson argues, Mallinson-Denny saved money by not having to buy timber at the higher prices now

prevailing. Despite the slow-down in world trade, a fundamental shortage of timber internationally is steadily pushing prices up. Weaker demand in Britain, partly depressed by the decline in house building, is not enough to offset within this country the world-wide trend.

Total sales rose from £208m to £225m, of which £60.7m against £54.9m in 1978 were overseas. The decline in foreign sales was largely due to a slump of £10.2m to £23.8m in Thailand. Bad weather for two successive years depressed demand from farmers, causing Thai profits to tumble from £2.17m to £1.05m.

Despite the problems in Thailand, net overseas trading profit went up by about £200,000 to £235m. The gain partly came from elimination of losses in France, where a

£216,000 deficit was turned into a £378,000 profit, and partly from greatly improved results from Australia, where profits rose from £170,000 to £807,000. Mr Macpherson expects Australia to be strong again this year. Total trading profit was £15.1m, up about £2m.

Exchange movements cost approximately £400,000 in profits, while the figures also include an extraordinary deduction from after-tax profits of £521,000, for revaluation of foreign assets. Total assets rose from £64.8m to £72.9m, although overdrafts shot up from £17.6m to £31m.

A final dividend of 3.21p gross has been declared, compared with 2.14 in 1978. The full payout is 5.35p, against 4.45p. Earnings per share were up 2.11p to 17.37p.

Hawley Leisure in call for £1.25m

Hawley Leisure, the fast-expanding slot machine to bedroom fittings group, is asking shareholders for £1.25m with a rights issue at 40p. In the stock market the shares eased 11p to 47½p.

The move is reckoned to indicate that the group's 34-year-old chairman, Mr Michael Ashcroft, who had favoured paying for acquisitions in shares, will make his next bid for cash.

He has already started, buying private London-based Cherry Leisure concern last month with a £50,000 deposit, a further £450,000 on completion in June and the balance in two stages to June next year.

Mr Ashcroft says the fresh cash will be used in a "delicate mix" of reducing borrowings and financing expansion. The group's overdraft is now £1.8m and taking account of the stock which is available for conversion this month, shareholders' funds stand at £3.2m.

Terms for the 2,995,715 shares on offer are one new share for every six held, one share for every £1 of 12 per cent loan stock 1986-88 and 10 shares for every £3 of convertible debenture stock 1980-84.

Mr Ashcroft makes no profit predictions—although the City is counting on something near £1m against just over £500,000 last time—but says the total gross dividend should double to 2.28 in the year to December.

Pharmaceutical wholesaling

The price war's bitter pill

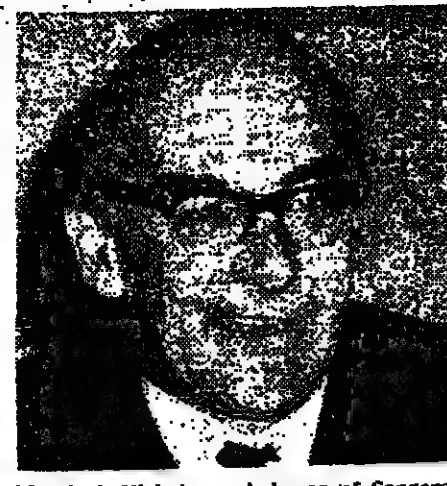
An explosion of cut-throat competition among pharmaceutical wholesalers has inflicted dangerous wounds, even on the major wholesalers. This week, in an effort to cut overheads and fixed costs, the Sangars group, fourth largest in market share terms, announced the closure of 15 of its 27 distribution depots and 450 redundancies.

Some of these depots will be replaced by two larger ones. The total cost of the closures is estimated by others, though unconfirmed by Sangars, at some £1m. It will be carried in the 1980-81 accounts. The final dividend for the year to February 28, 1980, is to be maintained. The profit figures, to be published later this month, are "guessed" outside the group at £800,000 pre-tax—against £2.17m the previous year. At that level the maintained dividend would not be covered.

Sangars first-half profits to August, 1979, revealed a pre-tax profit of £600,000. But then the price war began to bite. If profits fail to recover as expected by the group, Mr Anthony Goodwin, the finance director, admits that the dividend policy for 1980-81 would have to be rethought.

The price war began in May, 1978, when Macarthy's Pharmaceuticals, now the third largest wholesaler with 12 per cent of the market, to Sangars 10 per cent, ignored the resale price maintenance scheme (rpm) on ethical products (drugs). Previously, discounts to chemists were only allowed on non-ethical products—like roborpaste—which were effectively sold at a loss to tempt the chemist to place his entire order with the wholesaler.

But now it is a free-for-all, with discounts offered on the turnover of the whole order. Market leader Vestrac was the last to abandon rpm in 1979. And



Mr Hugh Nicholson, chairman of Sangars.

that was when the discount war really sank its teeth into Sangars.

Sangars' larger competitors have some significant advantages. Unichem, number two in the market with 20 per cent of the business, is a co-operative owned by its retail members, and has grown at lightning speed. Vestrac is owned by drug and chemicals group Glaxo, which is said to be backing Vestrac with some £25m to cover losses on discounting. In the face of these odds, it is not surprising that Sangars is faltering.

Sangars, under Mr Hugh Nicholson, chairman, says that it foresaw some of these problems three years and more ago, and began to diversify. It now has 72 retail opticians and has earmarked some £2m to go into another 30 to 40 shops by December 1980. It also has Britain's largest

photographic supply business, which supplies all Woolworth's photographic equipment; and a small agency business in Northern Ireland.

A similar mainland United Kingdom operation has just been set up to act as salesman to manufacturers of non-ethical goods who do not want to run their own sales team, and who would bear any discounting costs involved.

All these operations are profitable, and operate on higher gross margins than pharmaceutical wholesaling. But pharmaceutical wholesaling still produces well over two thirds of Sangars's sales.

Sangars's 1979-80 balance sheet is not yet available. But it seems that borrowings are only slightly up on 1978-79, £2.95m, when the debt:equity ratio was 27½ per cent.

It also has cash to come, estimated but as yet unconfirmed at roughly £250,000, from an out-of-court settlement. It expects to sell some of the closing depots—though not to competing pharmaceutical wholesalers, who are also axing depots—and part of its fleet of vehicles by end-December 1980.

The closure costs should be shown below the line in this year's accounts. If they have to come in before tax, there is talk outside Sangars of 1980-81's pre-tax profit falling below £500,000. But the company itself is expecting a pre-tax increase this year. Meanwhile, a bid for the group is unlikely. No one else in the industry needs extra depots; and if Sangars were eventually to founder and fail, its client retail chemists would be eagerly snapped up by Vestrac, Unichem and Macarthy's for nothing but the cost of the discounts they already offer their own clients.

Catherine Gunn

Receiver called in at J Dykes

By Phil Robinson

The receiver was called in at upholstered furniture makers J. Dykes (Holdings) last night after the board decided it could not trade out but being listed for the whole of that year the board would have recommended a total payment of not less than 6.3p.

In a statement the directors said they have asked the Royal Bank of Scotland to appoint a receiver as the company was trading at a loss of "substantial and unexpected proportions" since the last statement to shareholders.

That was last December when Mr Harold Dykes the chairman said the group had made losses

in the second half of 1978-79 which sharply increased to a deficit of £235,241 for the six months to the end of July.

Mr Dykes said a succession of adverse events caused the cancellation of orders. Competition had intensified and a large volume of products had to be cleared at a loss.

At that time Mr Dykes said he could not predict a trading profit for the current year, to January 1980, but careful financial projections justified optimism for the following year.

In a statement yesterday the board said that a independent accountant's report stated a

significant loss would be incurred this year even assuming an improvement in trading conditions.

"The loss has arisen as a result of an unprecedented downturn in sales partly due to the current economic climate and partly to intense competition within the company's industry."

A proposal was made to sell off the group's Guy Rogers subsidiary, bought in 1972, and attempt to trade out of difficulties through J. Dykes only.

But the board says it found no reason to expect an improvement in trading conditions

Peerless prepares for a quotation

Arrangements are being made by Singer & Friedlander for the offer for sale of 3.18m ordinary shares—or 25 per cent of the capital—of Peerless Ltd. This is a holding company for a diversified consumer products group.

In the year to March 31, 1980, Peerless's turnover reached £33.2m, while pre-tax profits are estimated at £3.8m. The shares offered for sale will not rank for dividends for 1979-80, but had they been listed for the whole of that year the board would have recommended a total payment of not less than 6.3p.

The offer price is almost sure to be 100p to indicate a market value of £12.9m. The shares at 100p would yield 9 per cent on dividend and sell at 4.96 times pre-tax profits of £3.8m on an expected tax of 31.5 per cent.

Brokers: Hoare Govett in London and Murray and Co, in Birmingham.

are likely to provide the main focus of dealing interest under the new rules, with some activity expected in Far East and North American stocks.

Smurfit sale

James Barnes, a subsidiary of Jefferson Smurfit Group, has agreed terms for the sale of part of its water-proof paper business to Capensis for about £700,000 cash.

The sale includes certain items of plant, stocks and goodwill and the exact price will depend upon the value of stocks at completion.

Following completion, the acquired business will be integrated with that of Packaging Products, the Manchester-based subsidiary of Capensis, and the acquisition will strengthen Packaging Products' position in the water-proof paper market.

Third Mile to merge with Sempah

Terms for a merger have been agreed between Third Mile Investment and Sempah (Holdings). Third Mile will offer to acquire the shares not already owned on the basis of one share for every seven Sempah shares.

Third Mile owns 288,117 Sempah shares (7.39 per cent) and Sempah owns 288,350 Third Mile shares (22.01 per cent). The merger will be effected by a scheme of arrangement, details of which will be sent out on May 30. Sempah's shares are not listed.

First-half setback at Samuelson Film

Pre-tax profits of Samuelson Film Service were more than halved to £268,000 in the half-year to September 30, 1979, compared with £508,000 last time. This group supplies equipment and services to the film and television industries. As on a number of occasions in the past the outlook for the film and TV business has been clouded, Samuelson's board will pay only one dividend for the year. This will be decided when the full year's results are available. A total dividend of 12.52p gross was paid for 1978-79.

Scrip issue from Brixton Estate

Brixton Estate the property group made a gross profit of £3.3m in 1979 against £2.8m the year before. Net rental income was £3.5m against £2.8m. Investment profit was £2.8m against £2.4m and the dealing profit was £525,000 against £405,000. Net profits were 31 per cent up at £2.18m. Gross dividends for the year at £4.16p, compared with 2.76p. Earnings per share rose from 3.89p to 3.11p. The board is recommending a one-for-five bonus issue.

Comments that the "programme of developments worldwide continues to make good progress".

Mr Luke Melnerzhagen has joined the board of General Consolidated Investment Trust.

Mr Kenneth Roberts is to be chairman of the new division which Teaser Kennedy & Millbourn (Holdings) has formed to manage the properties owned by TKM worldwide.

Mr Paul Mower and Mr Roy Warren have been admitted to the partnership of Robson Rhodes. Other new partners, appointed after the merger with the Manchester firm of Ashworth, Moxley, Messrs J. Richard A. Rushion, Anthony R. Dobell and James

Business appointments

Barclays Bank Trust announces new directors

Mr J. W. Dyson, a director and general manager of Barclays Bank International, has been appointed a non-executive director of Barclays Bank Trust Company. Mr M. E. Emm, assistant director, has been appointed an executive director of the trust company.

Mr J. B. Stevens, Mr F. P. L. Adams, Mr N. G. N. Asford, Mr J. I. M. Hamilton, Mr M. C. Spurr, Mr B. E. Toms, Mr P. D. Matthews and Mr R. J. M. D. Palmer have been taken into partnership of Grieson, Grant and Co.

Mr Paul Mower and Mr Roy Warren have been admitted to the partnership of Robson Rhodes. Other new partners, appointed after the merger with the Manchester firm of Ashworth, Moxley, Messrs J. Richard A. Rushion, Anthony R. Dobell and James

Mr Douglas R. P. Baker, managing partner of Messrs Touche, Ross & Company, has been appointed a member of the London Local Board of the Bank of Scotland.

Mr Michael Redwood, chairman and managing director of Turner Brothers, has joined the board of "Inter-national". Both companies are members of Booth (International Holdings).

Mr Kenneth Roberts is to be chairman of the new division which Teaser Kennedy & Millbourn (Holdings) has formed to manage the properties owned by TKM worldwide.

FT Financial Times

Financial Times, the pre-eminent international daily business newspaper is now published in London and Frankfurt. Other company activities include publication of *World Business Weekly* in the United States, a series of business newsletters, the *Financial Times Diary* and specialist financial/business books and magazines including the *Investor Chronicle*, the provision of a business information service to subscribers worldwide; participation in Finet, a company developing new electronic information services for the businessman; the organisation of business conferences. The Financial Times is a major shareholder in The Economist Newspaper and Industrial and Trade Fairs Holdings.



Westminster Press

Publishes over 60 daily or weekly local newspapers and 17 controlled circulation papers. Total circulation is some 6 million copies per week. Other activities span newspaper and general printing, the Angus chain of shops in the South East and the Westminster Press Inquiry Bureau located at York. Westminster Press has a substantial interest in BPM Holdings, publishers of *The Birmingham Post and Mail*.



Longman

Founded in 1724, Longman's publishing has ranged from Dr Johnson's first dictionary to *Roger's Thesaurus* and *Grey's Anatomy*, now in its 35th edition. This distinguished international publishing group is principally involved in the educational, reference and medical spheres with over three-quarters of its business emanating from outside the United Kingdom. New and continued development is taking place for specialist markets in the United States, in dictionaries and reference books, in self study publishing and in the range covered by the Periodicals and Directories Division.

PEARSON LONGMAN

A publicly listed subsidiary of S. Pearson & Son

RESULTS FOR 1979

Turnover	£200.3m
Profit before tax	£25.7m
Made up as follows	
Financial Times	£4.0m
Westminster Press	£13.4m
Longman	£8.5m
Penguin	(£0.4m)
Ladybird	£1.0m
Head Office	
Interest and expenses	(£0.8m)
Profit after tax	£15.0m
Earnings per ordinary share	36.4p
Dividends per ordinary share	8.4p

Extracts from Mr. M. J. Hare's statement

Pearson Longman did well to raise earnings per share and profit before tax in a very difficult year for the United Kingdom publishing industry.

The 1979 results demonstrated one of the advantages of our broad base of newspaper and book publishing interests. The newspapers were able to take advantage of buoyant demand for advertising to make satisfactory profits and to maintain their level of development expenditure. They also benefited from the lower cost of newsprint. The book

companies were faced with a difficult United Kingdom market, particularly in the educational field, and a strengthening pound made them less competitive in overseas markets. It is with great pleasure that I report the granting to The Financial Times of the 1980 Queen's Award for Export Achievement.

The board recommended a final ordinary dividend of 4.605 pence per share bringing the net total for 1979 to 8.355 pence per share compared with 6.684 pence per share for 1978, an increase of 25 per cent.

FOR FURTHER INFORMATION

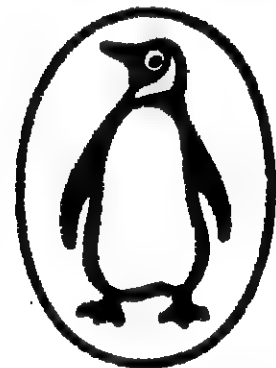
Please complete the coupon below and return it to our Registrars.

To: the Registrar (CAP 34)
Pearson Longman Limited
1, Joyce Bank Limited
Registrar's Department
Goring-by-Sea
Worthing
W. Sussex BN12 6DA.

Please send me a copy of the 1979 Annual Report

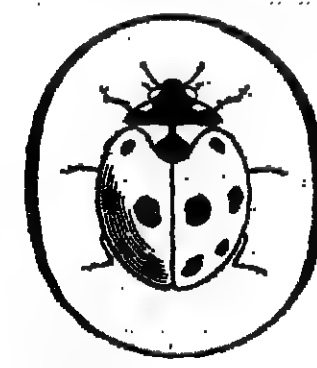
Name
Company
Address

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Penguin

One of the best known publishing houses in the world, Penguin publishes paperback books under the Penguin, Pelican and Puffin imprints from a wide ranging list of over 4,500 titles. Hardcover books are issued under the Viking, Allen Lane and Kestrel imprints. The profound effect that Penguin books have had on education and general reading patterns is widely accepted. They are read in almost every country in the world. Nearly half the Penguin output is exported and it publishes also in the United States, Canada and Australia.



Ladybird

Ladybird is renowned for its very successful English language children's books published principally in a standard format representing excellent value. Its titles are designed primarily for children of all age levels from pre-school years up to a reading age of 13. Upwards of 40 new titles are added every year to its list, now totalling some 500. Exports, which include special foreign language versions of Ladybirds, represent about 30 per cent of turnover.

Commodities

Fairbairn may be split up

By Philip Robinson
Potential buyers of parts of collapsed engineering group Fairbairn Lawson are likely to show whether they mean business by Friday.
Mr Bill Mackey, the Receiver, of Whinney Murray the accountants said he was in negotiations with a number of companies interested in buying parts of

Brit Enkalon loses £2m

British Enkalon, the man-made fibres group, a 72-per-cent owned subsidiary of the Dutch Akzo Group, lost £2.15m in 1979 compared with a loss of £30.00m in 1978. Turnover was up from £53.6m to £60.5m.

The company has been in the red since 1975 when it turned in a loss of £6m.

Mr J. Martin Ritchie, the chairman, says the flow of United States imports has reached overwhelming proportions and the response from the EEC has been inadequate. He adds that the company is pressing ahead with concerted action.

The company, which will have a clearer picture by the end of the week. Some of the talks are at an advanced stage", he said. Last month Fairbank asked Raynolds Bank, its largest secured creditor, to withdraw its application for a Receiver after an unsuccessful fight by the directors to save the company.

Losses £2m

Mr J. Martin Ritchie, the chairman, says the flow of United States imports has reached overwhelming proportions and the response from the Government has been inadequate. He adds that the company is pressing ahead with concerted action.

Discount market

Discount houses were able to get by on a reduced volume of help from the authorities yesterday. The Bank of England's assistance, on a moderate scale, was comprised principally of moderate overnight loans at MLR to three or four houses, topped up with money generated by outright purchases of a small quantity of Treasury direct from houses with purchase and resale agreements in a small number of eligible bank bills.

The houses found money remaining enough to prevent any significant fall in their bids for fixed funds.

Money Market Rates

[illegible]

Sterling Spot and Forward

[illegible]

1. Official exchange rate compared to December 31, 1971, was down 6.2% at 71.0¢/¥.

Sterling: Other Markets

Australia	1 824-02 07
Bahrain	9 9480-0 87
England	8 421-3 41
France	33 23-07
Hongkong	11 250-11 14
Iran	90 230-0 63
Japan	3 0270-5 00
Malaysia	31 20-02
Mexico	5 420-2 22
New Zealand	6 424-0 26
Saudi Arabia	4 973-4 88
Switzerland	1 807-2 15
South Africa	

Dollar Spot Rates

Ireland	2,072
Japan	1,197
Netherlands	1,945
Belgium	29
Denmark	3,220
West Germany	1,746
France	45
Spain	70
Italy	51,28
Sweden	4,980
France	4,183
Sweden	4,204
Japan	29,70
Austria	12,7
Switzerland	1,651

* Iceland quoted in U.S. currency.
 * Canada \$1. U.S. \$0.6440-0.643

EMS European Currency Rates

	ECU price point	average average ECU	percentage difference rate	change index weight	percentage difference plus minus
ECU price	7.5667	6.2599	-1.6%	-0.76	1.77
US dollar	1.206	1.2623	-4.4%	-1.76	1.44
Japanese Yen	1.4206	1.2407	-12.7%	-5.25	6.67
West Germany	1.4206	1.2407	-12.7%	-5.25	6.67
Italy	7.5362	7.0883	-6.3%	-0.78	1.312
France	1.0252	0.9551	-7.3%	-0.60	1.040
Belgium	1.4206	1.2407	-12.7%	-5.25	6.67

* changes are for the ECU therefore price change denotes a real currency.

* adjusted for sterling's weight in the ECU, and for the lira's wider divergence limit.

* adjustment calculated for the impact.

Euro-\$ Deposits

For call, 11-12 week days, 8⁰⁰-10⁰⁰
month; 10⁰⁰-12⁰⁰ three months, 10⁰⁰-11⁰⁰
months, 10⁰⁰-11⁰⁰

Gold

Gold filed, am, 3309 23: an miner's pm.
 Krugersand (per coin), 3309-3309. 2309
 2309-2309: 3309-2309, 3309-2309.

Options

The traded options market was quiet yesterday as stock prices slipped back. The total number of contracts was 421 with Land Securities at the top of the list with 150. Marks &

Continental Union Trust Co: Net revenue after all charges included for the year 1981, \$1,048,746,000. Second interim in lieu of final 4.25p, making 6p (2.5p). Dividend for year 1981, \$1.048,746,000. Board of directors has agreed to declare an interim of 2p in respect of the year to 31 March 1981. 1981-82 1.57p (335.21p).

Midland: Pre-tax revenue for year to 31 March 31 £469,000 (£592,000).

Dividend is 12.5p (10p) on in shares, and 0.625p (0.5p) on preference shares. Dividend to income shares, 10p (10.27p) and to capital shares, 277.59p (335.21p).

Premier Consolidated Oilfields: Testing of a well on the element Creel prospect in the Eastern Utah has yielded an oil production rate of 632 bbl per day. The well is 632 bbl per day.

Eurosyndicat

The Eurosyndicat Index on European share prices was put provisionally at 132.57 on May 1 against 132.17 a week earlier.

Wall Street

New York, May 7.—The stock market rose in heavy trading this morning but since then has weakened. The Dow Jones industrial average lost a point.

Analysis said the elimination of the discount rate surcharge by the Federal Reserve drew a mixed reaction from investors. They said while investors are happy to see interest rates come down, they wonder whether easing credit too soon could result in inflationary fire and lead to tightening later.

Interest rate-sensitive stocks moved higher but major oils were weak. Great Western Financial rose 1½ to 21.

On Tuesday stocks closed mixed as the index lost 0.01 to 60.43 and the average price per share rose one cent but advances led declines 955 to 575.

The Dow Jones industrial average slipped 0.26 to 816.04 as turnover expanded to 40,160,000 shares.

Volume leader General Motors opened 2½ lower but held above that level until late in the session before closing down three a 41½. Analysts said the further GM price weakness late in the day

Active Ford Motor, which analysts expect will cut its dividends later this year, lost $\frac{1}{2}$ to $2\frac{1}{2}$. McDonnell Douglas dropped $1\frac{1}{2}$ to 27. A block of 790,000 shares moved at 26 $\frac{1}{2}$.

41. **Copper** Bausch and Lomb fell four to
553,000 shares of Bausch at 421,000
about \$27.6m mainly to finance
repurchase of its common. Yes
terday Cooper said it would buy
up to 1.5m of its shares at \$27

Interest rate-sensitive issues were firm. BankAmerica rose $\frac{1}{2}$ to 26 $\frac{1}{2}$; Citicorp $\frac{1}{2}$ to 21 $\frac{1}{2}$. MGIC Investment $\frac{1}{2}$ to 23 $\frac{1}{2}$ and Great Western Financial $\frac{1}{2}$ to 19 $\frac{1}{2}$.

Silver dips to 40 cents

[illegible][illegible]

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Personnel Controller (H.O.),

British Home Stores Limited,

129 137 Marylebone Road,

London NW1 5QD.

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PERSONAL CHOICE

Broadcasting Guide

Edited by Peter Daville

TELEVISION

BBC 1

6.40 am Open University: Personal Choice and learning. 7.05 The chateau and the cottage. Close down at 7.30.

9.00 For Schools. Colleges: Mr Kennedy and Mr Kersch; 9.47 Maths; 10.10 Merry-go-round (smugglers); 10.35 The Young Marriages; 11.05 It's Maths (ages and grids); 11.30 Let's Look at Wales (King Arthur). Close down at 11.50.

12.45 pm News and weather.

1.00 Pebble Mill at One: Includes Tony Blair's regular movie feature: films on release, and star interviews.

1.45 Mr Bean: The Zoo Keeper (Mr. Bean and his friends).

2.15 Schools. Colleges: Music Time; 2.40 Television Club. Close down at 3.00.

3.55 Play School: Peter Wiltshire's story Sarah's Walk. Presented by Fiona Benjamin and Stuart McGowan.

4.20 The All New Popeye Show: A cartoon featuring the spin-off character. 4.40 The Popeye Show: Part one of new adventure story, made in America. Two boys climb up; one is an Apache in-

BBC 2

6.40 am Open University: Maths (diagonalizing matrices). 7.05 Computer. Close down at 7.30.

11.00 Play School: Same as BBC 1.

1.55 Close down at 11.55.

2.00 pm Racing from Chester: Last day of the meeting. The 2.15 Spectre Maiden Stakes; the 2.45 Ormonde Stakes; the 3.15 Ladbrooke Adelphi Club Handicap; and the 3.45 The Sun Stakes.

4.00 International Table Tennis: Norwich Union Masters. The men's individual title. Recorded highlights from today's play, from the Guild Hall, Preston. More at 11.30.

4.50 Open University: Interior decoration; 5.15 Welfare and politics; Sweden; 5.40 Organization development; 6.05 Skits in the 1980s; 6.30 The 6th Duke of Westminster, reputed to be the

THAMES

9.30 am For Schools: Making a Living (Working and the value of payments). 9.52 Open to You (dramas); 10.09 Look Around (all types of transport); 10.26 French (life in France); 10.48 Experiment (conduct of light); 11.05 Books (poems and ballads); 11.27 Seeing and Doing (canals); 11.44 Picture Box (Central African wildlife).

12.15 Gammon and Spinach: Roy Kinnear tells the story of Spots and the Alley Cats. 12.00 The funeral of President Tito. With commentary by Alan Turing.

1.00 News. 12.10 Thames News.

1.30 For Maddy, with Love: The Ian Hendry-Nyree Dawn Porter serialised story of a sick woman. Today, she decides to see a neurologist.

1.50 After Noon Plus: Acupuncture—as it is practised in China and the United Kingdom.

ITV

9.30 am For Schools: Making a Living (Working and the value of payments). 9.52 Open to You (dramas); 10.09 Look Around (all types of transport); 10.26 French (life in France); 10.48 Experiment (conduct of light); 11.05 Books (poems and ballads); 11.27 Seeing and Doing (canals); 11.44 Picture Box (Central African wildlife).

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1.50 After Noon Plus: Acupuncture—as it is practised in China and the United Kingdom.

Radio 4

6.00 am News Briefing.

6.10 Farming Today.

6.30 Today.

6.45 News.

7.00 News.

7.30, 8.30 Headlines.

8.35 Yesterday in Parliament.

9.00 News.

9.05 Quore... Unquore.

9.30 The Living World.

10.00 News.

10.05 Folk With Tales.

10.30 Daily Service.

10.45 The Secret House of the Sun.

11.00 News.

11.05 File on 4.

11.50 A Certain Style.

12.00 News.

12.05 pm You and Yours.

12.27 The Jason Explanation.

12.55 Weather.

1.00 The World at One.

1.40 The Archers.

2.00 News.

2.05 Woman's Hour.

3.02 Listen With Mother.

3.15 Play: Man of Destiny, by Bernard Shaw.

4.15 Any Answers?

4.45 Story: The Betrayal.

5.00 PM.

5.55 Weather.

6.30 Brain of Britain.

7.00 News.

7.05 The Archers.

7.20 Time for Verse.

7.30 Today's Special SO, part 1: Sibelius. Britain.

8.30 BBC Sound Archives.

8.50 BSO, part 2: Brahms.

9.25 The World Tonight.

10.00 News.

10.05 A Book at Bedtime.

11.15 Financial World Tonight.

11.30 News in Parliament.

12.00 News.

12.15 am-12.23 Weather.

12.30 News.

12.35 Regional news, weather.

9.05-10.30 Schools: A Service for Schools: Sounds, Words and Movement. Notice Board.

10.45-12.00 Schools: Salut les Jeunes! Time and Time; Man;

Regions

8.55 pm Wales Today. 8.55 Scotland Today. 8.55 Northern Ireland Today. 8.55 News and weather. Northern Ireland. 9.00 News. 9.05 The Archers. 9.10 News. 9.15 The Archers. 9.20 News. 9.25 The Archers. 9.30 News. 9.35 The Archers. 9.40 News. 9.45 The Archers. 9.50 News. 9.55 The Archers. 10.00 News. 10.05 The Archers. 10.10 News. 10.15 The Archers. 10.20 News. 10.25 The Archers. 10.30 News. 10.35 The Archers. 10.40 News. 10.45 The Archers. 10.50 News. 10.55 The Archers. 11.00 News. 11.05 The Archers. 11.10 News. 11.15 The Archers. 11.20 News. 11.25 The Archers. 11.30 News. 11.35 The Archers. 11.40 News. 11.45 The Archers. 11.50 News. 11.55 The Archers. 12.00 News. 12.05 The Archers. 12.10 News. 12.15 The Archers. 12.20 News. 12.25 The Archers. 12.30 News. 12.35 The Archers. 12.40 News. 12.45 The Archers. 12.50 News. 12.55 The Archers. 1.00 News. 1.05 The Archers. 1.10 News. 1.15 The Archers. 1.20 News. 1.25 The Archers. 1.30 News. 1.35 The Archers. 1.40 News. 1.45 The Archers. 1.50 News. 1.55 The Archers. 2.00 News. 2.05 The Archers. 2.10 News. 2.15 The Archers. 2.20 News. 2.25 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